Llewelyn-Davies Carson Ltd.

September 1982

Older Industrial Areas: Strategies for Improvement

Ministry of Municipal Affairs and Housing

Ontario

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OLDER INDUSTRIAL AREAS: STRATEGIES FOR IMPROVEMENT

prepared for
Ministry of Municipal Affairs and Housing

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ACKNOWLEDGEMENTS

A number of municipal officials and their staff contributed both time and information to this study. We would like to thank the following for their assistance:

Dan Burns	Director, Community and Neighborhood Division
Hal Fredericks	Director, Economic Development
Vince Pietropaolo	Planner, Dufferin Davenport
	City of Toronto Planning and Development Department
Michael Otis	Planning Director
William Moscowitz	Director of Economic Development
	Cornwall
John Reid	Planning Director
Nick Stan	Industrial Commissioner
	Gloucester
Ken Perry	Planning Director
Doug Heron	Director of Economic Development
	London
John Bain	Director of Planning
Gerry Duffy	Director of Development
	Sault Ste. Marie
Peter Acheson	Director of Planning
Paul Plant	Director of Economic Development
	Oxford County

Staff of Provincial Ministries also assisted by providing economic information. We would like to thank:

D. MacKinnon	Director, Economic Development Branch Ministry of Treasury and Economics
J.R. Delaney	Manager, Plant Locations Section Industrial Development Branch Ministry of Industry and Trade

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A. Economic Profiles of the Six Study Communities
B. Case Study Reports
C. Selected Federal and Ontario Industrial Assistance Programs

BACKGROUND PAPERS

A. Analysis of Official Plans and Zoning By-laws, Study Communities
B. Assessment and Property Tax Data
C. Interview Summaries

1. Introduction and Summary of Findings

1.1 Purpose

The study of Older Industrial Areas in Ontario was initiated by the Local Planning Policy and Community Renewal Branches of the Ministry of Municipal Affairs and Housing in response to municipal concerns raised about the physical decline of older industrial areas, declining industrial employment opportunities and the insufficient growth of the industrial tax base.

The purpose of the project was to look at the functioning of older industrial areas and to suggest actions to deal with identified problems.

Older industrial areas located and grew in response to markets and manufacturing processes that have changed considerably since the areas were first developed. Originally established as separate districts, over the years these areas have been encroached upon by residential, commercial and other non-industrial uses which now constrain the operability of the areas for industry.

Residential and commercial revitalization in central cities has been underway for some years, by private initiatives stimulated by market demand and by public planning actions sometimes supported

with public financial assistance. Industrial revitalization has been comparatively rare. Industrial renewal has generally been a matter of relocation of industry to suburban industrial parks, often prompted by non-industrial renewal action of older industrial sites.

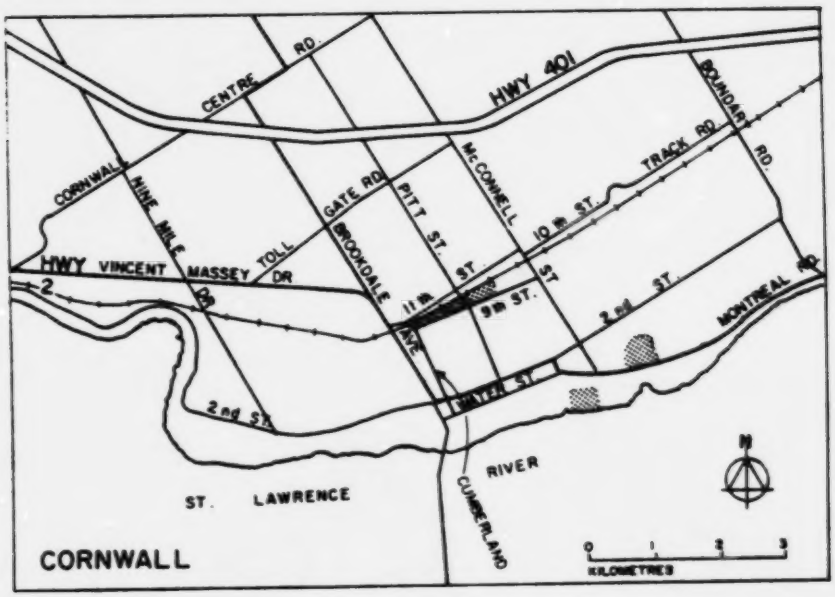
There has been maintenance, renovation and some expansion to older industrial buildings by private initiatives, but there has not been much appreciation of the needs for industrial area improvement or general support to industrial operations in older established areas. The objective, therefore, in this study was to find what should be done in older industrial areas so that they could perform a more productive role, and to indicate approaches which would bring industrial area improvement actions into a comprehensive program of urban revitalization.

1.2 Approach

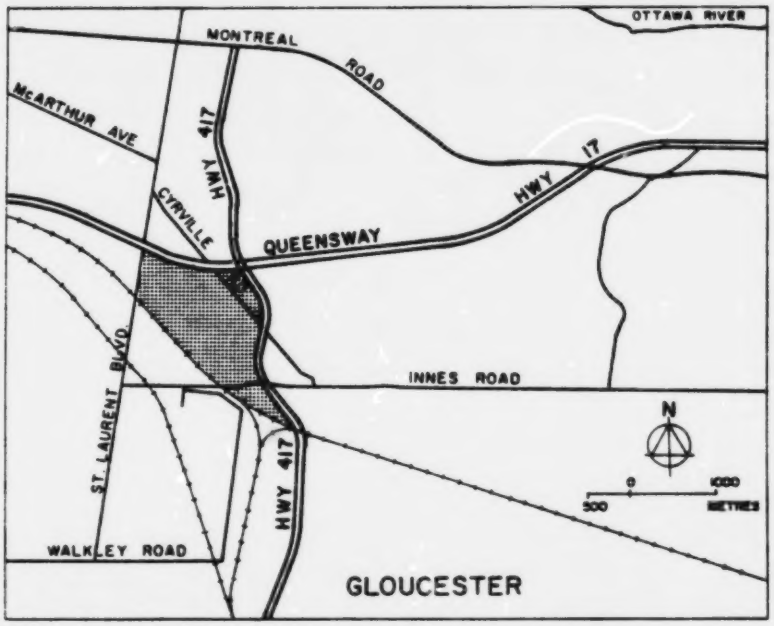
The task, as described in this report, appendices and background papers, was to gain an understanding of:

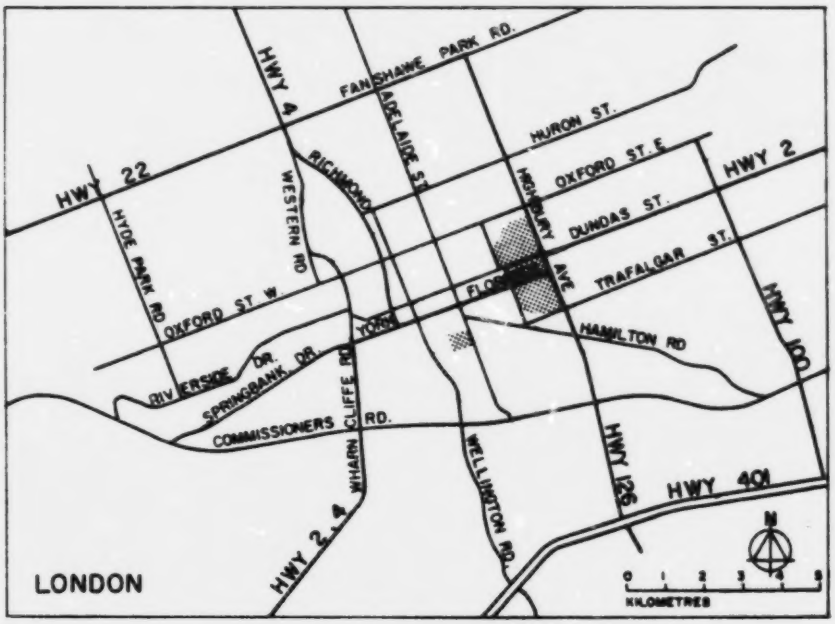
- how older industrial areas function;
- what changes have occured and why;
- what difficulties industries are faced with;
- what kind of firms show a preference for established industrial locations;
- whether there are special circumstances affecting some industries or some areas; and
- what kind of programs are indicated as a result of the analysis of older industrial areas.

The work was accomplished mainly through case studies of selected municipalities, but also from reviews of appropriate studies and programs dealing with industry and revitalization in Ontario, the U.S. and U.K. A variety of industrial areas in different communities were selected for detailed examination of the experiences of industrial firms and general conditions of the areas. In all, twelve areas in six municipalities were surveyed - Cornwall, Gloucester, London, Sault Ste. Marie, Toronto and Woodstock (see the following sketch maps). The municipalities were chosen to provide a representative sampling in terms of size of communities, geographic distribution and industrial diversity. In addition, special situations were examined such as the residential enclaves in the heavy industrial area of Hamilton and the reconstruction of industrial plants on their existing sites in Toronto.



INDUSTRIAL STUDY AREA





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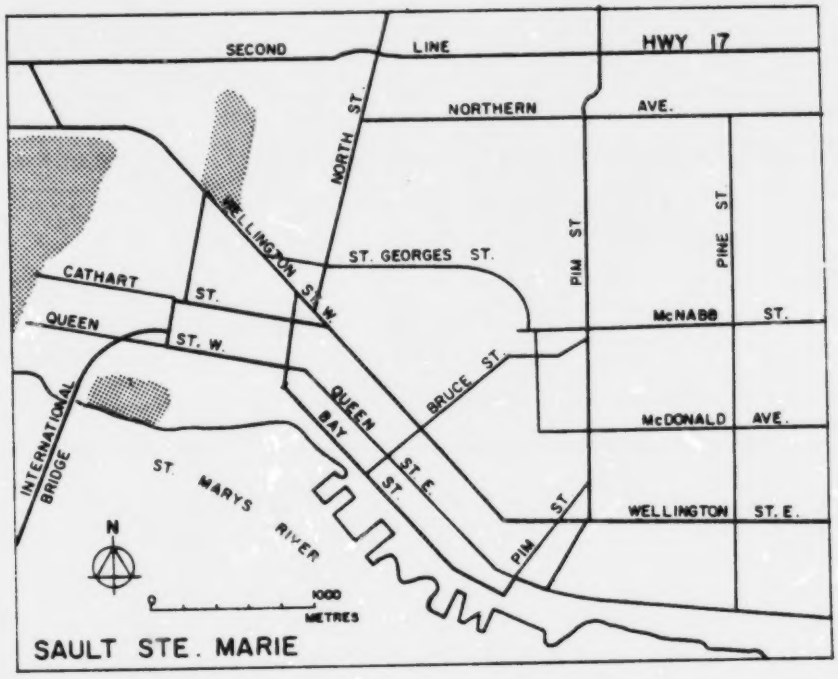

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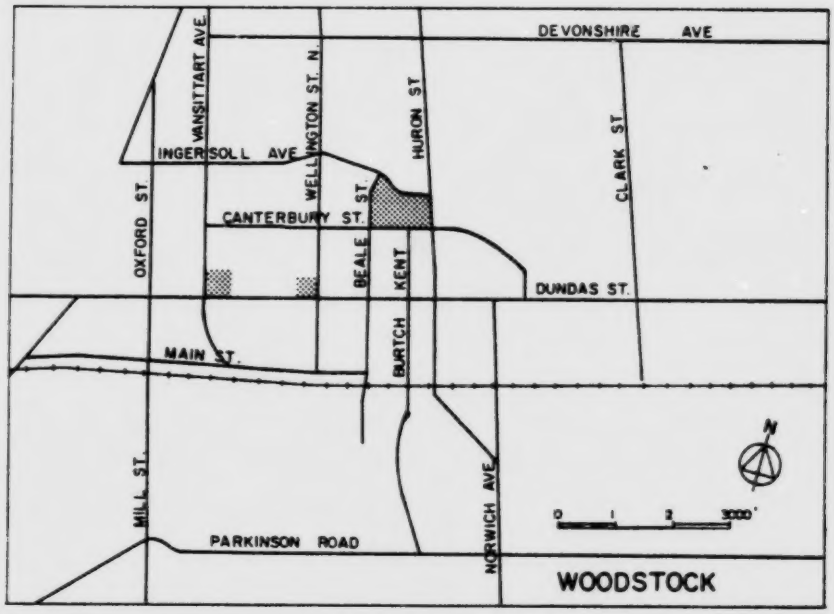

The examinations included interviews with selected industrialists and industrial realtors about their perceptions of advantages and difficulties of operating in the areas, as well as interviews with municipal officials about planning issues and economic development efforts. Local reports, statistics, official plans and by-laws were reviewed, assessment information and tax revenue trend data assembled, and field inspections carried out.

1.3 Emerging Issues

In each of the six case study municipalities, the areas examined were typical of the town's oldest industrial development. They contained some of the municipalities' oldest and largest industries as well as some of the smallest, just becoming established. Generally, the types of industries in these areas were representative of the industrial base of the municipality as a whole.

Some of the areas surveyed were more fully utilized and stable than others. However, despite differences in geographic location and size of communities, the older established industrial areas exhibited certain strengths that support their future suitability for industry.

- preference for location: many established industries prefer to remain in existing industrial areas. The locational benefits of an inner city area and the costs of relocation can far outweigh space constraints of a developed area.

- stock of multi-storey buildings: the availability of inexpensive leaseable space is a major asset of these areas. Space in older industrial buildings is particularly attractive to firms just starting and to those who wish to postpone the large capital investment in plant ownership.

Nevertheless, while these areas provide an important industrial resource, they suffer from common deficiencies that can ultimately accelerate their decline. These include:

- public neglect: municipal attitudes toward older industry is often ambivalent. Older industrial areas frequently suffer from public neglect in upgrading

municipal services (roads, water, sewer, hydro, street lighting).

- space constraints: many fully developed industrial areas suffer from a lack of space for further expansion, parking shortages, inadequate loading facilities.

- congested access: since many of these areas developed at a time when industry was dependent on rail or water, they are not designed to accommodate truck traffic.

- encroachment of non-industrial uses: the increase in adjoining residential or commercial uses creates problems of incompatibility and threatens the long-term use of the area for industry.

- market pressure for redevelopment: where there is a limited supply of available inner city land and a strong development market, commercial uses often compete for industrial lands pricing industry out of traditional locations as the land values rise.

- building deficiencies: many buildings suffer from load bearing deficiencies, safety hazards, poor insulation, etc. Costs of bringing these buildings up to current Building Code standards generally act as a disincentive for renovation. Existing government programs for industry primarily work to encourage the building of new plants rather than the refurbishing of existing ones.

- excess of vacant plant: some areas contain an excess of vacant plant beyond what the market can absorb for industry.

The review indicates the need for improvements to older industrial areas and buildings to make them more functional for modern industrial use and more competitive with newer suburban locations. A strategy which is outlined in the next section has been developed to remedy these needs.

1.4 Summary of Findings

Characteristics of Older Industrial Areas.

Common aspects of these areas include:

- located in or near urban centre; accessible to commercial centre of community;
- adjoining rail line and/or water as well as arterial roads;
- adjacent to or surrounded by residential areas; not adequately separated from adjoining uses; mixed in with commercial uses; congested form of development;
- experience truck transportation and car parking problems;
- assessed property values show both increases and decreases; tax revenues for all order industrial areas have increased.

In general, these characteristics are a consequence of age and reflect earlier development needs, standards and industrial growth.

A few other characteristics are less uniformly prevalent and show considerable variations:

- the form, shape and extent of areas varies from small to extensive, and from compact to linear;
- the vacancies in buildings and land range from minor to major;
- the predominant industrial and service activities of areas differ considerably.

These characteristics generally reflect the stages and nature of local economic development.

Characteristics of Older Industrial Buildings.

Three aspects of older industrial buildings are specially pertinent to the objectives of the project: the structure of the buildings, the condition of the buildings and their tenure.

Most older industries are housed in multi-storey buildings. Conventional opinion holds that such buildings are no longer usable by modern industry. This is far from true; they continue to function well either because they have been adapted to current production requirements or because they provide cheap and efficient space. They have limitations, but their locational advantages outweigh structural disadvantages.

Older industrial buildings come in all conditions, from delapidated to well maintained to improved, reconstructed and expanded. The occupancies vary. Generally occupancy is a function of the degree of building improvements made in the past. Equally, occupancy is related to tenure. Leased buildings show more vacancies than owner-occupied buildings.

The larger firms and the oldest established firms are more likely to be owner-occupiers, though for corporate/financial reasons some firms lease their buildings. There is no pattern in the size of leased buildings, they come in all sizes. But the vacancies in leased buildings are usually in the upper floors.

Manufacturing Industries.

Older industrial buildings are primarily used for manufacturing; other uses are wholesaling and distribution. Development policies and improvement strategies affecting industrial areas should be based on an understanding of the manufacturing industry's trends. Most important, two misconceptions need to be set straight. First, the change in the nature of our economy towards the service sector (which is labour intensive while manufacturing production has become less labour intensive) has led to a decline in the proportion of manufacturing employment. However, despite the declining share of total employment, manufacturing employment in actual terms is rising. The common impression given is that the manufacturing sector continues to decline in importance.

The second point to be corrected is the focus on the attraction of new firms in efforts to increase employment, when in fact a greater proportion of industrial growth comes from the expansion of existing industrial establishments. Local industrial promotion generally concentrates on attracting new industry from outside the area while indigenous growth occurs unsupported by local public action.

Changes are occuring in manufacturing industries caused by varying factors beyond local control:

- Technological changes replace labour by machines; they also replace older products by new goods.
- Labour productivity changes lead to transfer of production to high productivity centres. Market demand changes affect the volume of production.
- Finally, corporate decisions may shift production from one area or country to another one.

Nevertheless, our society will continue in its demand for manufactured goods, we must, therefore, pay attention to our productive industrial capital, which includes sites and buildings. Our economy is quite heavily dependent on the manufacturing sector and we cannot write off its benefits to domestic income and jobs.

- Nationally, about one-fifth of employment is in manufacturing industries. In Ontario, manufacturing employment accounts for a quarter of all jobs, and in many urban areas of the Province manufacturing provides a third or more of all the jobs.
- Between 1976 and 1981 manufacturing jobs in Canada increased by about 200,000, almost 70 percent of this increase (134,000) occured in Ontario, representing nearly one-quarter of the provincial employment growth in this period.

Which Industries Stay in Older Areas and Why.

There are advantages for some firms to locate in modern industrial parks and to operate in new buildings; most urban areas have a good supply and choice of industrial land. While a number of firms have relocated from older areas, many remain in older areas and buildings for the following reasons:

- Availability of labour force which lives nearby or has ready access to the older industrial area; relocation would mean the loss of trained labour force.
- Strong relationship to inner area customers and to other manufacturing and service industries in the area.
- Dependence on low cost space not available in new buildings or industrial parks.
- Sunk costs which prevent some firms from moving; either the plant and machinery cannot be moved and/or the factory has been maintained and up-graded to suit the firm's purposes.

- Major reconstruction has been carried out because it was cheaper to do so than to relocate.
- Buildings long since paid off; to relocate would mean making new, unnecessary capital investment.

Land-use Problems and Conflicts.

In older areas, problems frequently stem from industrial expansion and unplanned urban growth. For industry the main issues are:

- Site space constraints preventing building expansion, efficient loading and unloading, and sufficient car parking.
- Inadequate truck routes to serve speedy access.
- Land value increases from commercial developments.
- Residential encroachment constraining industrial operations.

For adjoining residential areas, the obvious problem arises:

- Noise, unsightliness, odor and traffic conflicts.

Municipal Role

Municipal attitudes towards older industrial development have been mixed, uncertain and changeable. Different concerns, changing traditions about government responsibilities, and changes in public interests have been responsible for inconsistencies.

- The "city beautiful" planning tradition has generally been unkind and restrictive to old, established industry. Believing that industry does not belong in the city, it hoped for its relocation and confined its operation.
- Land use planning, while having regard to social, economic and other matters, has principally been concerned with physical development. The inclination, therefore, has been to set aside economic and industrial development considerations.

- As tax paying development industry is very desirable, industrial property and corporate tax revenues have always been an important element in local finances. However, new industrial parks, as long as they are within the municipal boundaries, are as good in this regard as old industrial development.
- The ballot box has played its role in municipal attitudes towards older industrial areas. Whatever influence business may exert, the fact remains that residents strongly out-vote industry and commerce. Generally, residents living near industrial areas are unsympathetic to industry and its needs.
- Today's economy has raised new concerns - the maintenance of local jobs - with which industry is intimately connected. The search for effective community efforts to stabilize employment has led some municipalities to a new interest in economic development and the review of land use policies.

The conventional planning instruments - official plans and zoning by-laws - have been peripheral to the issues facing older industrial areas largely because the areas were developed before the introduction of the current planning system. To the extent that municipal planning has had any effect, it has generally been neutral or restrictive rather than helpful to the established industries.

Official Plans are largely silent on older industrial areas and on economic development generally, despite some well phrased policy statements. At best, official plans treat old industrial development with benign neglect; at worst they tend to make their future difficult by restricting their operations and recommending their relocation.

Zoning by-laws also create problems for old established industrial development, which is generally exempt from newly introduced zoning by-laws. At best, zoning by-laws are irrelevant to the functioning of older industrial areas; at worst, they are an

obstacle and hindrance to established industry, particularly when zoning amendments turn established industrial sites into non-conforming uses.

Changes in Municipal Attitudes.

There have always been exceptions to negative municipal attitudes. In the past, some city administrations worked well with industrialists on their development problems. Today, reacting to physical and economic decline, some municipalities have begun to redefine their planning responsibilities. Economic development strategies are being outlined and their implications on land use policies and plans defined.

As a result, older industrial areas will receive similar attention that had previously been given to declining residential and commercial areas. The emphasis of the new Planning Act on community-wide improvement strategies should greatly support the emerging change in favour of the preservation of suitable older industrial areas.

Limitations to Local Industrial Revitalization Actions.

The new initiatives for industrial revitalization are welcome. But it should be recognized that no appropriate local actions are available to address certain basic problems of the manufacturing industry, such as international competition, national trade policies, technological changes and the general decline of some sectors.

Furthermore, it should not become an objective to keep industry in unsuitable locations or to maintain certain kinds of industry in central locations which could function better elsewhere. In

other words, industrial revitalization must be selective.

Existing Industrial Assistance Program.

There are, of course, many existing Federal and Provincial programs in operation which support industries in a variety of ways - for plant and equipment, research and development, manpower training, etc. And these programs are available to firms wherever they may be located. There are, however, no specific programs for area-wide improvements of industrial areas or for building renovations without wider plant improvements.

Generally, existing industrial programs are provided directly to individual firms by the funding agency. Programs are principally geared to improve productivity not to building or area improvement. Consequently, existing programs do not focus on older industrial areas as such or conform to a municipal plan or policy towards industrial area improvement. In fact, since existing assistance by-passes the municipal government, the municipality is often not aware of local industry's needs and upper level of government support.

Approach to Industrial Improvement Strategy.

To develop a strategy and programs suitable for local circumstances involves essentially a comprehensive review, which includes the following steps:

- An analysis of how the industrial areas are used; to assess nature and extent of use.
- Review of physical condition of areas and environmental difficulties; to assess functioning of areas and their deficiencies.
- Review of changes in the use of areas due to demands from surrounding developments.

- Review of economic base of urban area; to assess industrial situation in relation to provincial and national trends.
- Evaluation of current and future needs for industrial land and buildings in the urban area; to assess how much of the older industrial areas should be retained for industry and what lands could be converted to other uses.
- Feasibility estimates (financial and market) of reconstruction and conversion of older buildings for industrial and other uses.
- Examination of relationship between residential and commercial revitalization and deficiencies of older industrial areas.
- Analysis of all preceding steps for integration of improvement strategy and selection of programs.
- Amendment of Official Plan and Zoning By-laws, if necessary.
- Introduction of programs to implement strategy.

Improvement Programs for Older Industrial Areas

The varied needs of older industrial areas call for a wide range of programs. Five kinds of suitable actions should be considered and selected according to local circumstances. Although described separately, all the suggested programs could operate together as a combined approach to industrial improvement.

1. Industrial area improvements. Upgrading of public facilities and services, including provision and improvements to: road circulation and truck routing, off street parking, street lighting, sidewalks and landscaping, and utilities.

2. Building and site improvements. Financial assistance to firms for major and minor building renovations and site redevelopment, including: floor repair and

strengthening, increasing elevator capacity, upgrading fire protection and insulation, expansion to buildings, loading facility and site circulation improvements, exterior building renovation and landscaping.

3. Public purchase of sites and buildings. Direct public participation in industrial area improvement to provide for car parking sites and street improvements, industrial malls, renovated buildings for lease or sale. Public initiative as joint venture with industrialists or with industrial developers; alternatively, sole public action as a demonstration project.

4. Advisory and support assistance to industry. Local help to industrialists in their efforts to upgrade their sites and buildings by: guiding and expediting local approvals; adopting a sensitive approach in the interpretation of codes and standards as they relate to renovation proposals; and directly helping and promoting industrialists' applications for financial assistance under Provincial and Federal programs.

5. Technical assistance to municipalities. Two types of provincial staff functions are essential to assist municipalities in their development of industrial improvement strategies and in the selection of appropriate programs: regular assembly and publication of basic information on population, employment, etc., suitable for local economic base analyses; and advice on how to analize the older industrial developments and formulate an improvement strategy tailored to local circumstances.

The administration and funding of programs is a joint responsibility of the local and Provincial governments and of private enterprise. A fitting assignment of responsibilities would, generally, be as indicated:

Type of Program	Administration		Funding		
	Local	Provincial	Local	Provincial	Private
1. Area Improvement	x		x	x	
2. Building Improvement		x		x	x
3. Public Purchase of Sites & Buildings	x		x	x	x*
4. Advisory and Support Assistance to Firms	x		x		
5. Technical Assistance to Municipalities		x		x	

* Private industry; on purchase or lease of land for development.

2. Economic Considerations

2.1 Introduction

Apart from the physical aspects of older industrial areas - their conditions and continued usefulness, space around building and access, etc. - economic factors are relevant considerations in determining the future of these areas. Long term economic trends, structural changes, international competition and national economic policies all affect the use to be made of existing plants and the demand created for it.

These factors generally affect industrial operations wherever they are located - whether in older established industrial areas, in newer suburban industrial buildings or in recently opened industrial parks. In addition to long term economic and structural changes, which influence the operation and location of industry, the current recession affects all industrial firms, some more than others, and may produce longer term effects on certain business sectors.

While it would be difficult to attempt to isolate those economic changes solely, or more particularly, affecting older industrial areas, it is helpful first to present a brief summary of general economic trends. It may then be possible to see which factors

have a special bearing on firms' locational decision particularly whether to continue to operate, expand or start business in the older buildings and sites of Ontario's urban areas.

2.2 National and International Trade

Since about 1973, the developed industrialized countries have experienced rising inflation, a slowing rate of growth, rising unemployment and varying balance of payment problems. This could be readily shown in detail by the conventional economic indicators, although they show fluctuations in the world-wide recession.

The period of 1974-1975 saw the rise in consumer prices (largely due to the sharp rise in oil prices), inflation and a slowing in real output. In the following two years there was generally a slow growth in output but accompanied by rising unemployment and rising inflation. By the end of the decade and into the 1980's the recession continued.

During the 1970's Canada's growth rate (in Gross National Product) averaged 4.2% in comparison with the U.S. at 2.9% and Japan at 6.1%. The average growth of the OECD[1] countries was 3.5%. However, Canada's average performance in the rate of growth hides the fact that the annual growth rate declined from 7.5% in 1973 to 2.9% in 1979.

The unemployment rate in Canada increased from 5.7% in 1970 to 8.4% in 1978; with an average annual rate of 6.7% for the decade. It was slightly higher than in the U.S. (6.2%) and considerably higher than the average for the OECD countries (4.3%).

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[1] Western European Countries, Canada, U.S., Japan, Australia and New Zealand.

However, the unemployment rate in Canada must be looked at in relation to the changes in the labour force and in employment. The unemployment rate went up not because there was a decline in available jobs but because the labour force grew at a higher rate than job opportunities (Table 1). Between 1970 and 1980 the Canadian economy provided an additional 2.7 million jobs but the labour force increased by 3.1 million over the same period. This increase in the labour force was due to (i) young persons entering the labour market and (ii) women not previously working looking for jobs.

Table 1. CANADA - Population, Labour Force, Employment and Unemployment; 1970 and 1980. ('000)

	1970	1980	Change No.	Change %
Population*	14,528	18,004	3,476	23.9
Labour Force	8,395	11,522	3,127	37.2
Participation Rate	57.8	64.0		
Employment	7,919	10,655	2,736	34.5
Unemployment	476	867	391	
Percent	5.7	7.5		

*15 years and over

Source: Statistics Canada; Historical Labour Force Statistics, Cat. 71-201.

Employment in the manufacturing sector accounts for about 20 percent of total Canadian employment. In the ten years between 1971 and 1981, manufacturing firms in Canada provided an additional 354,000 jobs, although manufacturing employment's share of total declined.

Table 2. CANADA - Total Employment and Manufacturing Employment; 1971 and 1981. ('000)

	1971	1981	Increase 1971-1981
Total Employment	8,104	10,933	2,829
Manufacturing Employment	1,766	2,120	354
Manuf. employment as % of total employment	21.8	19.4	

Source: Statistics Canada; Historical Labour Force Statistics, Cat. 71-201.

The declining relative importance of manufacturing in the Canadian economy is part of the general trend from goods-producing to service-producing industries. In the last ten years (1971-1981) the shift from goods-producing to service-producing industries in both gross domestic product and in employment has been in the order of 4 percent.

The increase in the share of service employment has been a trend for a longer period than ten years and has affected all developed industrial countries. While the trend may continue, it is unlikely that the rate of change over, say, the next 25 years will be the same as in the last 25 years. In the mid-50s the goods-producing industries accounted for about half of total output and employment in Canada, whereas today goods-producing industries provide only one-third of total output and employment.

Table 3. Industrial Sectors Share of Canadian Gross Domestic Product and Employment; 1971 and 1981.

	GDP		Employment	
	1971	1981	1971	1981
Agriculture	3.2	2.6	6.4	4.4
Primary Industries	4.8	3.5	2.7	2.9
Manufacturing	22.9	21.7	21.8	19.4
Construction	7.0	5.9	6.0	6.0
Goods Producing Sector	37.9	33.7	36.9	32.7
Transportation, Communication and Utilities	12.1	14.1	8.7	8.2
Trade	11.8	12.4	16.5	17.1
Finance, Insurance & Real Estate	11.5	13.1	4.9	5.4
Community, Business & Personal Services	19.3	19.9	26.3	29.6
Public Administration	7.4	6.8	6.7	7.0
Service-Producing Sector	62.1	66.3	63.1	67.3
All Industries	100	100	100	100

Source: Statistics Canada, Gross Domestic Product by Industry, Cat. 61-005. Historical Labour Force Statistics, Cat. 71-201.

2.3 Ontario Trends

In general, changes in the national economy over the last decade have been similar in Ontario. Although the growth in Western Canada, especially in mineral production in Alberta, has meant a relative decline of Ontario's position in the Canadian economy. The growth rate of Ontario's gross domestic product was generally below the national average. Ontario's share of total value of manufacturing shipments dropped from 51.4% in the 1970-1974 period

to 50.3% in the 1975-1979 period. However, these declines in relative position and provincial shares hide the province's continued strength and actual growth in employment in the manufacturing sector.

Table 4. Ontario's Share of Canada's Population, Total Employment and Manufacturing Employment; 1976 and 1981.

	1976	1981
Population, 15 years and over	36.4	36.2
Total Employment	38.5	38.3
Manufacturing Employment	47.4	49.2

Source: Statistics Canada;
Cat. 71-201.

About half the employment in manufacturing industries in Canada was provided and continues to be provided in Ontario. Consequently, almost half the increase in that sector's employment was created in Ontario; particularly in the second half of the 1971-1981 decade when almost 70 percent of the increase in manufacturing employment in the country occured in Ontario.

Table 5. Manufacturing Employment in Canada and Ontario, 1976 and 1981. ('000)

	1976	1981	Change 1976-1981
Canada	1,921	2,120	199
Ontario	910	1,044	134
% of Canada	47.4	49.2	67.3
Rest of Canada	1,011	1,076	65

Source: Statistics Canada; Cat. 71-001, 71-201, 71-529.

The increase of 134,000 in manufacturing jobs in Ontario between 1976-1981 represents nearly a quarter (24.8%) of the total employment growth in the province over this period. Manufacturing employment in the province accounts for a quarter of all jobs, whereas nationally, manufacturing industries provide only one-fifth of the country's employment. Employment in many urban areas of Ontario relies more heavily on manufacturing industries than is indicated by the provincial average. In some towns manufacturing firms employ about a third of the working population.

It is important for several reasons to emphasize the level of manufacturing employment and Ontario's high share of the country's manufacturing employment. There has been a continued shift in the last 20 to 30 years from the goods-producing to the service-producing industries in all western countries; and manufacturing accounts for about two-thirds of the goods-producing industries (whether measured in output or employment). Trends, however short or long, have a way of determining forecasts, and so we are conditioned to the possible continuation of the shift to service employment.

There may be continuation of this trend but the rate of change may well decrease. Furthermore, focussing on the declining <u>relative share</u> of the manufacturing sector of the economy draws attention from the <u>actual change</u> in output and employment provided by manufacturing industries. Constant repetition of the fact of manufacturing industries' decreasing share of the economy has led to an attitude, or almost expectation, of the disappearance of these industries when in reality they consitute a vital sector of Ontario's economy.

The actual performance of manufacturing industries in Ontario has been noteworthy in view of certain irreversable changes in several of the industries. Technological changes in production have made the sector less labour intensive. Adjustments to international competition have led to specialization and consequent reduction of production lines. And rationalization of production by international firms have also affected total production at Canadian branch plants. It is, therefore, somewhat remarkable that despite these negative factors manufacturing employment increased by 15 percent (134,000 jobs) from 1976 to 1981.

The review of general trends has concentrated on employment changes rather than on other economic indicators for several reasons. First, the examination of the functioning of older industrial areas is especially concerned with the employment provided in these areas; therefore employment changes are a prime concern.

Secondly, although technological changes lead to less labour intensive forms of production, the continuous production of existing industries, as indicated by employment, means continued need for industrial space. In other words, even decreased employment may well mean an increase in the value of manufacturing production.

Finally, improvements to old sites and older buildings, which are occuring, on the whole increase the amount of space per industrial worker, so that: (i) a decrease in employment in an area may still call for use of present space, and (ii) stable or increasing employment may require additional space.

One limitation of restricting the analysis to manufacturing employment is that industrial land is not exclusively used by manufacturing industries. The other uses, appropriate for industrial areas, are warehousing, distribution and transportation

activities. Such operations are carried out as independent businesses separate from industrial firms, which do sometimes combine these operations in association with their primary business. Unfortunately, employment data for these types of non-manufacturing firms are reported as part of other industrial sectors and are not readily available for the province. (The relevant sectors are: Trade and Transportation, both of which include other groups such as retail trade and communications, uses normally located in commercial rather than industrial areas.)

2.4 Local Trends

The changes in the local economies can only be generally assessed because of data limitations. For the same reason, consistent comparisons between municipalities or urban areas are not possible. For analytical purposes, information for areas larger than a municipality, such as labour market areas, would be required. Appendix A provides general economic profiles for each of the six communities included in the case study. A few salient facts are summarized here to indicate the diversity in local circumstances calling for different responses rather than a uniform provincial strategy for municipal economic development.

The population of the municipalities over the ten year period between 1971 and 1981 followed different trends. Two cities registered declining populations (Toronto and Cornwall); two experience relative stability with very modest increases (Sault Ste. Marie and Woodstock); and the cities of Gloucester and London increased in population.

Population trends of municipalities do not necessarily reflect changes in employment. The only employment statistics allowing comparison between municipalities are for "larger firms" (which,

of course, represent varying proportions of total employment). On this basis, there is little conformity in employment and population trends. For example, Cornwall and Toronto with declining populations increased employment over the ten years; Woodstock with a stable population experienced declining employment of its larger firms; in London both population and employment increased; and Gloucester, as a suburb of Ottawa, with considerable population growth provided only modest increases in employment.

The industrial situation of communities shows great diversity, both in terms of employment trends and in the importance of manufacturing employment in the local economies. Manufacturing employment has generally increased slightly but by varying amounts. While the proportion of manufacturing employment out of total employment has decreased in all communities, the size of the manufacturing proportion of employment ranges from less than 1/5th to 1/2 or more.

Individual municipalities develop specialization. This is best illustrated in Metropolitan Toronto where manufacturing employment accounts for 15.7% of total employment in Toronto and for 47.6% in Etobicoke, with all other municipalities providing well over 30% of total employment in manufacturing firms.[1] Yet, looked at from the metropolitan perspective, Toronto provides about 74,200 manufacturing jobs (which is 25% of Metro's total manufacturing employment) while Etobicoke provides about 68,200 manufacturing jobs (or 23% of Metro's total).

The future intensity of a community's industrialization will depend on the existing types of dominant manufacturing firms and on the community's attractiveness to new industrial development. The growth or decline characteristics of the dominant manufacturing sectors in the communities will be the major influence in deter-

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1. Report on Employment 1981, Metropolitan Toronto Planning Dept.

mining the level of industrial employment. As we can see today, local unemployment levels clearly reflect each community's industrial mix.

2.5 Some Causes of Industrial Change

Given the availability of suitable information, economic trends can be readily presented. However, the causes of change in the economy are less readily explained and are often in dispute because a complex range of factors are at work. The adjustments taking place in manufacturing production are due to several national and international developments.

Perhaps most of the changes occuring in the manufacturing industries are beyond local control, and may not even be able to be influenced by provincial and national policies. And many, if not all, of the effects on manufacturing industries arising from economic shifts impact manufacturing industries generally, and not just those operating in the older industrial areas of the province.

Nevertheless, it can be helpful locally to know what the industrial changes are and why they occur. To want to understand the trends does not mean to try and counter them. But the understanding can help in anticipating and adjusting to new circumstances, and in some cases may lead to effective assistance to local industries.

The interviews with owners and managers of firms in the six municipalities selected for this project confirmed that industries in the older areas are significantly affected by the specific causes of change in manufacturing industries. The main factors of change can be put into four interrelated groups; some are of more recent occurance, some have been at work for a longer time, and most seem to continue to affect local economies. The factors relate to: Technology, Labour Productivity, Markets and Corporate Affairs.

Technological changes have the familiar effect of machines replacing labour. Employment therefore may be reduced for the same amount of production or production can rise without increased number of jobs. Whatever the impact on employment, the change in employment has no direct bearing on industrial space needs as a result of technological change. Increased output due to automation, as experienced in some food processing establishments can lead to the construction of major plant extensions without any overall increase in employment. In addition, increased output at an existing plant probably means more space for receiving of raw materials and shipment of goods.

New technologies also lead to the manufacture of new products. These new products may replace older, obsolete lines of production or they may constitute additions to the market of manufactured goods. In the first instance there may be little affect on jobs and space needs, in the second there may be both employment and space expansion.

Labour Productivity in this context means both output per worker and labour costs; in this sense it measures in combination labour skill, degrees of mechanization, diligence and rates of pay. High labour productivity is a strong determinant in manufacturing location decisions. Under classic free trade conditions, and other things being equal, production will go to the area or country of highest labour productivity.

We are all familiar with the geographic shifts in the manufacture of a wide range of goods, particularly of those goods still requiring labour intensive production processes. Production of machine parts, such as for electrical appliances, or production of complete goods has been transferred from advanced industrialized

countries to the developing countries of Asia and South America. As a result, productive capacity in older manufacturing centres is left idle.

Market changes are the most obvious cause of variation in manufacturing production. Market demand for a product may fluctuate over a short term, be on the increase over a longer term, or may disappear.

Changes in total (international) demand due to obsolescense, replacement and product improvements, and national regulations such as tariffs, affect real demand for a domestic product. Equally, the change in the value of the Canadian dollar affects demand for Canadian goods abroad.

Corporations make decisions about their operations primarily to further their interests and not the interests of the town or country in which their industries are located. The corporations may have regard to the consequences of their operations on the locality but in the final analysis, where the financial well-being of the corporation is concerned, decisions are made to suit the company.

Making production decisions often involves not only the well-being but the survival of a company. So their decisions on whether to change or reduce productive activities are often rational from their point of view, whatever the consequences to the local, regional and national economy.

The larger the corporation and the more locations it operates from, especially if operating in more than one country, the more drastic may be the local effects as a result of changes in

the volume or type of output. It is customary to talk about corporate restructuring or rationalization of production when major changes are made such as closing down a production line or a whole branch plant. What is mainly involved is "specialization".

To concentrate production of an item in one place rather than to continue manufacturing it in several factories makes for efficiency even though it usually means the loss of jobs in several places. Specialization in some manufacturing industries has gone so far that the whole world is considered by large corporations in selecting places for the manufacture of any part of their products.

When a corporation acquires an existing factory it sometimes leads to the "rationalization" of this factory or other factories of the corporation. This is especially true in the case of horizontal integration, that is if the acquired plant manufactures the same product as is already being produced by the corporation.

This process of specialization is observable not only at multinational corporations. Purely domestic firms with plants in several locations specialize in production, sometimes to the extent of carrying out separate production processes of the same product in different places. This may be done either to achieve economies of large scale production or because of differential labour costs at different places.

Industrial Management

Another, more fundamental cause of the relative decline of traditional industries in some of the advanced countries, especially in North America, has been attributed to changes in industrial management. It is charged that today's industrial managers have

failed to keep their companies competitive over the long run.[1]

Three different management time-frames can be identified:

Short term - in which a firm's existing assets should be used as effectively as possible;

Medium Term - to be used for replacing labour and scarce resources with capital equipment; and

Long term - for developing new products and processes that open new markets or restructure old ones.

Managers seem to concentrate more on short term adjustments. What has been called the "new management orthodoxy" has resulted in the search for maximum short-term financial returns and the neglect of those efforts which originally built the industrial enterprises - innovation and process development. The new managers, by training and interest, concentrate on financial control and market research rather than development of new products and new ways of manufacturing them.

Manufacturing companies may continue to flourish financially by branching out into the service sector or by acquiring existing profitable companies, but in the process they reduce or eliminate the manufacture of products they would be capable of competing in successfully. This change in management techniques is clearly damaging to the health of manufacturing industries as a whole. It is a change that may be recognized by industry and reversed, but it is a change that could probably not be influenced by any government action.

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1. Managing Our Way to Economic Decline. Robert H. Hayes and William J. Abernathy, Harvard Business Review, July-August 1980.

2.6 Changes in Older Industrial Areas

The decline of, or shifts within, the industrial economy are separate issues from the changes affecting older industrial areas. As pointed out, both old and new industrial areas are subject to the same market reversals, plant shutdowns and employment declines. Older industrial areas do not simply contain industrial remnants that cannot afford to move - a large proportion of dying industries. As indicated in the next section, many of the industries that stay are large, long established corporations who choose to remain in their existing locations. Nonetheless, as part of the focus of this study, it is important to establish what is meant by a "declining industrial area", what are the causes of decline, and what are the effects.

Very simply, a declining or changing industrial area is one where there are vacant or underutilized plants and industrial properties that remain unoccupied by industry. Generally, they are located in or near the central part of a community. It should be understood, however, that not all established industrial areas are declining, nor is the decline of an industrial area irreversible.

The causes of decline are many:

- relocation of industry: some industries move out to suburban locations because they need more site space, highway access, or a single storey plant.
- space constraints: many fully developed industrial areas suffer from a lack of space for further expansion, parking shortages, inadequate loading areas and congested access.

- obsolete services: some areas decline because of public neglect in upgrading roads, in-ground services (water and sewer), hydro and street lighting.
- encroachment of non-industrial uses: some areas decline because the increase in adjoining residential or commercial uses creates problems of incompatibility and threatens the long-term use of the area for industry.
- market pressure for redevelopment: where there is a limited supply of available inner city land and a strong development market, commercial uses often compete for industrial lands pricing industry out of traditional locations as the land values rise.

The effects of decline generally are a loss of industrial jobs and a lack of growth in non-residential assessment in the area. If the industry moves elsewhere in the municipality or region, the jobs and the assessment may decline within a specific area but may be retained within the community as a whole. Or, if the area changes over to a commercial use, employment and assessment in total may actually rise, although industrial employment will decrease. The most critical effect of the decline of industry in an area can be the rise in unemployment for a segment of the labour force. This is one of the chief concerns in the attempt to retain industry in an area and make the area more attractive for long term industrial use.

2.7 Property Assessment of Older Industrial Properties

The decline of industrial activity in older industrial areas results not only in the reduction of jobs but also in the loss of local property and business tax revenues, as long as the properties remain underutilized or vacant. The examination of the selected industrial areas included therefore a review of assessment trends and tax payments of the firms interviewed.

It was not the task to review, property and business tax issues in general. The main facts are well established:

- The assessment base is the major source of revenues of municipalities. 80 per cent and more of local government revenues are obtained from property and business taxes.
- Reforms to the local revenue structure have been under discussion and review in Ontario for more than fifteen years without results.
- The present system does have inequalities with the result that similar properties are taxed unequally.
- Preferential tax rates are not permitted under existing legislation, and they are in any case not desirable because they would set up competition among municipalities.

Any loss of local revenue is obviously of concern to local governments. But any changes in assessment of older industrial properties that may have occured should be kept in perspective. As older developments they are, almost by definition, worth less than before, unless they have been improved or expanded. Also, they have over the years contributed perhaps more than their share to local reve-

nues because, as a general rule, the tax income from industry exceeds the cost of services used by industry. And, some of the decline of older industrial areas may be due to the public neglect of these areas. As discussed in other sections of this report, public investment for the improvement of older industrial areas could be expected to lead to industrial revitalization of these areas with positive tax revenue consequences.

The examination of assessed values and tax revenues covered about 100 selected industrial properties. They were essentially the same firms whose representatives were interviewed as part of the field work. Therefore, the assessments represent a random selection of older industries in the various industrial areas in the six municipalities selected for this project. The results provide a general indication of assessment and tax revenue changes in recent years, the results are not statistically representative of all older industrial properties.

The period of review covered 1972 to 1981 but, depending on availability of data, fewer years were used within this period in some municipalities. Apart from recording changes in assessed values of the selected industries, comparisons were made with non-residential assessed values of the areas in which the companies are located and with the municipality as a whole. A major limitation of these comparisons lies in the fact that non-residential assessment data for the larger areas (city and sub-areas) include industrial and commercial uses such as offices and retail establishments. To separate purely industrial assessment city-wide one would have to go through the assessment rolls property-by-property. (Explanations and all detailed assessment and revenue information collected are presented in a Background Paper to this report.)

There has been no clear trend in the changes in assessed property value. Less than half of the older industrial properties decreased in assessed value, some registered no change and a substantial proportion of the properties increased in assessed value; see Table 6.

The variation in recorded changes may partly be due to differences in assessment practices which have not been examined. But having visited the properties,the following observations can be safely made. Increased or unchanged assessments reflect a high level of plant maintenance, major factory renovations and additions to older industries. Decreased assessments indicate either that old plants have remained substantially unchanged and therefore have depreciated or that there is vacant industrial space. In any event, the conclusion is the often expressed opinion that old industrial areas as a whole decline in assessed value is not true for all older industrial properties, and may not even be true for the majority of them.

Table 6. Property Assessment Change of Selected Industrial Properties in Six Municipalities of Ontario, 1972-1981 and Shorter Periods

Municipality (period of change)	Total No. of Properties	No. with Increased Assessment	No. with no Change*	No. with Decreased Assessment
Cornwall (1974-1981)	19	9	-	10
Gloucester (1976-1981)	21	9	-	12
London (1972-1981)	16	5	-	11
Sault Ste. Marie (1974-1981)	10	4	2	4
Toronto (1976-1981)	25	6	14	5
Woodstock (1975-1981)	7	4	-	3
Total	98	37	16	45

*No change and change of less than 1%.

Source: Municipal Assessment Rolls, for actual values see Background Papers to this report: Assessment Data.

All sizes of firms are among the properties that have increased in assessed value, including smaller firms employing less than 50 persons. Similarly, older (over 50 years) as well as younger firms have increased in property value. It seems, therefore, that there is no pattern relating size or age to changes in assessed value; more likely, increased values are a reflection of the manufacturing sector of industry and successful marketing of the firms involved.

The firms that modernize and expand their facilities must, of course, belong to the stable and growing sectors of manufacturing industry. Since they are also located in central urban areas there must have been reasons for remaining there. These reasons are discussed in the next chapter.

In order to see how the older areas generally continue to contribute to the municipalities' industrial/commercial tax base, the total non-residential assessment of the selected older areas was compared to the total municipal non-residential assessment for periods varying between five and nine years.

Older areas have performed differently. In some areas the gross share of industrial/commercial assessment has remained relatively unchanged while in others it has declined or even shown an increase (Table 7). A stable or increasing share should be regarded as a sign of property improvements and of expansion of non-residential establishments because one would generally expect a municipality's assessment growth to come from the development of newer areas and from redevelopment of their dowtown commercial areas.

Improvements in non-residential assessment in older areas may, of course, reflect commercial rather than industrial investments; this would partly be the case in the 9th Street Area of Cornwall which increased its share in the last seven years. Another example, of a relatively unchanged position is the Dundas Street Area in London, is an indication partly of industrial construction and maintenance, and is partly due to a take-over of a large property, previously in public use, by a warehouse distribution company.

Table 7. Selected Older Industrial Areas' Share of Municipal Non-Residential Assessment, 1981 and Earlier Years

Municipality and Industrial Area	Percent share	
	1974	1981
Cornwall		
Harbour Area	4.7	3.9
Courtauld Complex	14.0	9.7
9th Street Area	21.8	26.2
	1976	1981
Gloucester		
Cyrville Area	27.3	27.4
	1972	1981
London		
Dundas Street Area	6.8	6.4
Nelson/Adelaide	1.9	1.0
	1974	1981
Sault Ste. Marie		
Conmee/Northland/ Wellington	1.5	1.4
	1976	1981
Toronto		
Dufferin/Davenport	0.5	0.4
	1975	1981
Woodstock		
Canterbury Street Area	1.4	1.0

Source: Municipal Assessment Rolls. For actual values see Background Paper to this report: Assessment Data.

The data collected for this project can only be interpreted generally. More detailed research is needed to establish all causes of assessment change. But the information gathered does indicate that the older areas are keeping up their contributions to assessment about as well as could be expected.

Increased costs of municipal services, whether due to the expansion of services or merely caused by inflation, justify rising mill rates. The other cause of rising mill rates is the increased dependence on local taxes to cover municipal expenditures. Individual industrial and commercial establishments therefore pay higher taxes even without building expansions or creating other appreciations in the value of their properties.

The impact of mill rate increases is magnified in the case of industrial and commercial properties because of the firms business tax which is directly linked to the property assessment. The examination of combined property and business tax payments shows that all older areas provided increased revenues over the last few years. Even declining areas, where factories became vacant, paid overall a steadily increasing amount of taxes (Table 8).

Some older industrial areas nearly equalled the municipality's average annual increase (Dundas Street Area in London, and the area of the smaller firms in Sault Ste. Marie). One area exceeded the municipal average - 9th Street Area in Cornwall. (The Cyrville area in Gloucester also experienced higher property and business tax revenues than the city as a whole, but this is accounted for by the fact that the area still has undeveloped land which continues to be built on by new industries.)

Table 8. Average Annual Increase of Non-Residential Property and Business Tax Revenue for Selected Properties, Industrial Areas and Municipalities, 1973-1982 and Shorter Periods.

Municipality and Industrial Area	Average Annual Percent Increase		
	Selected Properties	Industrial Area	Municipality
Cornwall (1973-1982)			
Harbour Area	15.1	11.9	15.4
Courtauld Complex	7.3	10.5	
9th Street Area	8.5	18.4	
Gloucester (1977-1982)			
Cyrville	7.1	11.2	11.0
London (1973-1982)			
Dundas Street Area	9.3	10.0	10.8
Nelson/Adelaide	3.3	3.2	
Sault Ste. Marie (1975-1982)			
Conmee /Northland/ Wellington	8.5	10.2	10.5
Toronto (1977-1982)			
Dufferin/Davenport	8.3	6.7	11.8
Woodstock (1976-1982)			
Canterbury Street Area	4.8	8.1	14.7

Source: Municipal Assessment Rolls; for actual values see Background Paper to this report: Assessment Data.

To interpret fully the benefits of these increased revenues to the municipalities would require a comparison of the cost of services provided with the revenues received from each area. Such detailed examination could not be done, but it is safe to say that in most, if not all, areas the revenues will have exceeded the costs. And probably by a wide margin, considering adequate existing infrastructure in the older areas.

3. Operation of Older Industrial Areas

The economic considerations that affect older industrial areas provide the context in which they operate. To assess their continuing suitability for industry, the examination of selected areas also involved a review of how they function physically, what problems they exhibit, and what measures are needed to sustain or rejuvinate them. The survey included around 100 industries and represented a diverse range of types and sizes.

3.1 Characteristics of Older Industrial Areas

In each of the six case study municipalities, the areas examined were typical of the town's oldest industrial development. These areas are described below. A full discussion of the case studies is provided in Appendix B to this report.

Industrial Areas Reviewed

Municipality	Area
Cornwall	1. Harbour area containing several old mill buildings; some owned and operated, others under multiple leases; some vacant.

Cornwall	2. Textile complex on waterfront; some buildings operated by owner; others leased.
	3. Mixed use corridor along railway line containing industrial, residential and commercial uses.
Gloucester	1. Large developing industrial area near central Ottawa containing old and new industries, residential pockets.
London	1. Large, established industrial district adjoining low density residential neighborhoods.
	2. Small, very old industrial area on Thames River; large firm closing down; land to be redeveloped non-industrially.
Sault Ste. Marie	1. Oldest and largest industries on waterfront.
	2. Industrial area near major industries.
	3. Relocations to industrial park.
City of Toronto	1. Stable industrial corridor adjacent to rail and residential neighborhoods.
Woodstock	1. Downtown industry on main shopping street.
	2. Old industrial location where rail tracks have been removed.

Despite differences in geographic location and sizes of communities, these older industrial areas have a number of features in common:

- they are near or in the downtown;
- they are adjacent to rail lines and/or water which were originally required for their operations;

- they are surrounded by and sometimes mixed with non-industrial development (residential and/or commercial) which makes further outward expansion difficult, and which frequently creates a mixing of truck and residential or commercial traffic;
- they contain large older buildings, some of which are multi-storey as well as multiple occupant; some are in better repair than others;
- they contain some of the municipalities' oldest and largest industries as well as those just becoming established.

Generally, the types of industries in these areas are representative of the industrial base of the municipality as a whole.

In a number of cases, the industries are scattered throughout an area; in others they are consolidated and have remained as a cohesive industrial district. Some areas are compact in shape; others are linear, strung out along railway corridors. Many of the areas looked at were fully occupied and stable; others had more vacant or underutilized space and appeared to be more marginal for long term use for industry. Most of the areas contained industries that have been established there since the early 1900's. While a number of factors influence the longevity of older industrial areas - including the market, redevelopment pressures and municipal attitude - each of the above noted characteristics has a significant effect on the long term continuity of the area for industry.

3.2 Attractiveness of Inner Area Locations for Industry

As used in this study, the term "inner area" refers not only to the downtown but also to locations that are nearer or more accessible to the inner part of the municipality than to the suburbs or outlying areas. While suburban industrial locations provide the advantage of spacious sites and modern plant layout, in the current economy, the high costs of financing land, construction

and servicing may offset some of the benefits of these areas. For the industries that remain and those that choose to move in, the inner areas are a preferred location. Essentially, the location has certain attributes that are either requirements or common elements of the industries involved. Surprisingly, access to central city services (financial, commercial) was not considered a major drawing card. Among the more important assets of the inner city locations are:

Access to labour force: Inner city industries often have large labour force requirements. Older industrial areas are frequently adjacent to residential neighborhoods which provide the work force for many of the industries. This is one of the key attractions of these areas. Many of the inner city industries have a large component of female employees who live in the vicinity and either walk to work or take public transit. Particularly in a small town where there may not be adequate transit service to a municipal industrial park, industries whose primary operational requirement is labour force may be less likely to relocate unless their labour force is also mobile. Types of industries that have specific labour requirements can include clothing and textile, printing and paper, metal fabricating, furniture and food industries, among others.

Heavy equipment or plant built in place: Some industries are characterized by heavy immobile equipment or plant which has been built "in situ". For these industries, relocation is either impossible (without simply abandoning the plant) or prohibitively expensive. Many of these industries are also poor neighbours in terms of emissions, and/or outside storage, and can sometimes present difficulties in terms of compatibility in inner area locations. These include food manufacturers, chemical industries such as paint and resin manufacturers, foundries and other primary

metal manufacturers, certain kinds of rubber factories and large ready-mix concrete or cement batching plants. Some of these old established industries, remain in the inner area not by choice but because of the infeasibility of their moving when the surrounding area became built up. This is not to suggest that all heavy industry is a problem in this location. While adjacent residential development adds a constraint to their operations, most firms make the necessary plant improvements to control emissions and maintain the safety of the area in order to remain. However, with the exception of food manufacturers, few of these kinds of industries would move into an inner area in the future.

Need for leaseable space: Inner cities frequently contain a stock of older multi-storey buildings which can be leased out to other industries if the original owner moves out or does not require all his space. The availability of this space is particularly valuable to:

- industries requiring a start-up location who need a small amount of inexpensive space in order to establish their operations. This is frequently referred to as "incubator" or "embryo" space.
- industries preferring to lease space or plants rather than to purchase. Particularly in the current economy, many companies are postponing large capital investments in plant ownership. This is increasing the demand for the reutilization of existing plant.
- industries requiring warehousing and storage space.

Need for visibility and customer accessibility: Certain industries

have a retail component to their operations and sell their products directly from their plant. Others rely primarily on a local market or local suppliers and need a central location. The range of these industries is diverse (bakery, glass makers, printers, precast concrete manufacturers). Many buy existing plants and choose to move into these areas because of their access and visibility to trade. The suburban industrial areas are not suitable locations because they are too far from customer circulation. These factors also attract service industries (auto body shops, appliance centres) who often move into these locations for the same reasons.

Some of these industries encounter problems in that their combined operations (manufacturing and retail) are not recognized by traditional zoning categories which inhibits their choice of locations. Related problems are the traffic they attract to industrial areas which are already often congested, and the increase in land values that can occur if the retail component of their operation expands and the manufacturing decreases.

Special services and plant: Certain kinds of industries require rail or water for their operations. Since these are usually features of older industrial areas, availability of sites with access to these services may be a benefit of the area. In some cases, the attraction may be a specific kind of plant that becomes available. In Woodstock, for example, an industrialist moved into the area because he needed a particular type of dairy plant that happened to be for sale. In this instance it is the facility rather than the area that provides the impetus to move in.

The factors mentioned above are some of the reasons why the older industrial areas remain useful for industry and the types of industries they are useful for. In some cases, particularly where

there is a good supply of leaseable space, the turnover of industries may be high but the buildings will generally be reoccupied by other industries. In other instances, the vitality of these areas will be reflected in the commitment of many old established industries to remain, often paying the higher inner city land prices to buy scarce properties in the vicinity in order to expand.[1]

Many inner city industries would prefer to modernize on site than to move. The costs of relocation for a number of industries are extremely high. This factor is often not understood by the municipalities who see relocation as a simple and desirable alternative. Many industries have been on their existing sites a long time, and have large investment in plant, heavy fixed equipment and large labour force requirements. When examining the alternatives to relocate and build a new plant, firms may find it less expensive to rebuild on site than to move.[2] Particularly in the current economy, companies with stable or declining markets will evaluate carefully the cost of land purchase and new plant in suburban location plus the costs of operating loss during relocation against the costs of improving their existing factory. Unfortunately, government assistance (grants, loans) appears to be more readily available to build a new plant in a new park than to refurbish an existing one.

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1. For example, the Kellogg-Salada plant in London, Ontario, which established on its present site in the mid 1920's, has made continuous expansions, more recently through the acquisition of a road right-of-way.

2. William Nielson Ltd. in Toronto recently refurbished their chocolate confectionery plant. By renovating and retrofitting their existing plant, rather than building a new facility, an estimated $16 million was saved. See Food Processing magazine, June 1981, p. 56-57.

3.3 Transportation Access and Services

Most of the older industrial areas developed along railway corridors and/or water because these means of transportation were originally required for their operations. Now industries rely less on rail and water for either supplies or distribution and instead generally use trucks for goods movement. Transit availability is also becoming increasingly important in larger urban centres for employee transportation.

Since most of these areas developed before the reliance on highway travel and long load trucks, some are less accommodating than others in adapting to these needs. In a number of cases, road access leading to the area is adequate but internal circulation is poor due to narrow, sometimes discontinuous roads and cars parked along the street. Unsafe conditions have also resulted from poorly controlled intersections and badly signed streets and buildings. In addition, rather than indicating truck routes, some municipalities post only truck prohibited signs. Frequent problems in older industrial areas are shortage of employee parking space and inadequate loading facilities. In a few instances, abandoned rail spurs have been left in the area.

Some municipalities have taken steps to improve transport access by providing better highway connections and overpass, intersection, internal road and laneway improvements. Truck routes are designated and well signed. Others need to make transportation improvements if these areas are to be retained and remain competitive with newer suburban locations. It should be understood that while access and road suitability are essential to most industries, those that use trucks extensively are less likely to remain in inner city locations partly because of highway and large loading area requirements, and partly because of constraints from adjacent

non-industrial development. On the other hand, those industries that remain or move into inner city locations will often accept less than optimum trucking conditions as a trade off for other more critical priorities such as labour force or convenience to local markets.

Municipal services in the older industrial areas surveyed were generally in good condition. There were a few cases where water, sewer and hydro services needed upgrading and street lighting needs improvement. Police and fire protection and waste disposal services were also usually adequate although some municipalities felt surveillance of scattered industrial "pockets" was more difficult and expensive than in the larger industrial areas.

3.4 Adjacent Non-Industrial Uses: Conflict and Compatibility

In almost every case, older established industrial areas are surrounded by other kinds of development - primarily residential and sometimes commercial. In some instances industries abut housing, and residential "enclaves" exist in the midst of industrial development. In others, industries are scattered through an area that contains a mixture of different uses.

Generally, industry was the original development in the area. Housing developed later, primarily as a support when industrial labour requirements increased. Often the labour force for the industries lives in the adjacent neighborhood and this is one of the major assets and stabilizing forces of these locations. In some cases, wide streets separate the residential areas from the industrial; in many others, the only separation between industry and the adjoining housing is the mutual laneway or the fence along the property line. Residential, industrial employee and truck traffic often share the same streets.

From the standpoint of industry, the most serious problems posed by adjacent non-industrial uses are space constraints, the need for strict adherence to environmental controls, and the uncertainty created by changes in use. Shortage of space to expand is one of the more critical issues in older industrial areas. Many industries have made plant additions incrementally over time. Now as plants near capacity, the only further room for expansion is onto their parking lots. Shortage of parking space is a related problem.

Some municipalities have permitted the purchase or have directly purchased[1] adjacent housing or road rights of way to allow for further expansion of industry. While these transactions are expensive and politically difficult, they indicate the commitment on the part of both the industry and the municipality to maintain the area for industrial use. However, these cases are exceptions; in more cases than not, municipalities encourage the encroachment of non-industrial uses by piecemeal rezoning of the area to residential, commercial or some type of public use.

Adherence to strict environmental controls by industry is a further concern. Smaller industrial sites bordering other development in inner city areas face more critical problems than the larger suburban industrial parks well separated from residential areas. The safety issue of industrial operations, however, occasionally tends to get overstated. There are certain types of industrial processes that are particularly noxious (e.g. iron smelting) and are not compatibile with residential development. Generally though, operations that are hazardous and involve a threat to safety would be problematic regardless of whether the surrounding uses were residential or industrial. Industries generally make the adjustments

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1. The City of Hamilton, for example, recently purchased a residential enclave in an industrial area to allow for needed expansion.

to meet abatement regulations in order to remain in business in their existing location. Obviously, the more housing that is permitted to develop in these industrial areas, the more environmental concerns will become an issue.

A third factor of concern to industry posed by the proximity of non-industrial uses is continued erosion of the area by other uses. As increases in commercial or residential development in the area occur, land values go up which can result in industry being priced out of traditional locations. This turnover occurs for a number of reasons:

- zoning by-laws permitting commercial development in industrial areas
- scarcity of available inner city land for commercial and housing development in areas where there is also a strong market
- municipal zealousness in creating single use inner city areas supported by a preference for industrial consolidation in an industrial park

As non-industrial uses increase, industries can become harassed through constant complaints about truck traffic and industrial pollution. The net result is an uncertainty about the area being retained for industry, which in turn accelerates the industrial decline as firms move out to more stable locations.

Despite the constraints imposed, adjoining residential and industrial development need not always be incompatible. In some cases, both the residential and industrial areas have coexisted with few complaints for some time; in other physically similar situations there is constant battling. Part of the difference may be due to

the degree of "politicization" of the resident groups. Other factors can stem not so much from the actual operation of the industries as from the appearance of the buildings and degree of separation that has been achieved between different uses. The building facade may have considerable impact on the adjacent neighborhood. Where the buildings have been well maintained and fencing, landscaping or even wider roadways used to buffer the uses, there seems to be far less friction. In a number of cases, building improvements, planting and if possible, road widening would do much to reduce the so-called "conflict".

Almost as contentious an issue as the mixing of residential and commercial uses in industrial areas is the mixing of old and new industries. Often the older industries developed prior to modern zoning standards. Where property improvements have not been made, they can detract as much from the marketability of the area for new industry as a mixture of uses.

In a few cases, municipalities have attempted to use zoning to protect industrial areas, provide appropriate development standards and prevent further encroachment of non-industrial uses. The City of Toronto, in particular, has gone through a thorough revision of its industrial zoning to try to achieve these ends. However, zoning as a protective device to ensure the stability of an area is only as strong as the municipal commitment to enforce it. More frequently municipalities attempt to use zoning to get rid of industries and achieve more compatible use districts.

3.5 Older Industrial Buildings

One of the chief characteristics of older industrial areas is multi-storey buildings, some of which are up to 100 years old.

The condition of these buildings varies considerably. Some have been well maintained and modernized over time; others are delapidated and inefficient. Some are owner occupied; others are leased to various industries.

While not always the most efficient in terms of layout, production methods have generally been adapted to suit the multi-storey building design. For a number of industries, even second and third storey space is quite satisfactory. In part this depends on the type of machinery used and the loading capability of the floors. A number of older industrial buildings have high ceilings which facilitate manufacturing and storage. While the space may be less than ideal, the buildings generally serve a purpose. Nonetheless, many are in need of improvement.

There are basically two kinds of problems with some of the oldest buildings; these stem from either building deficiencies or building maintenance. With regard to building defects, the most frequent problems with multi-storey buildings are the load bearing capacity of timber floors; short spans; low ceilings, and high heating costs due to poor insulation. Also, although most are sprinklered, fire rating can be a problem. A number of buildings also are in poor repair - leaky rooves, broken windows and an unsightly outward appearance (dirty, dark, crumbling brick). While more buildings that are tenant occupied are in poor condition, a number that are owner occupied also have problems.

A particular disincentive for the improvement of older industrial buildings is the enforcement of the Building Code and various by-law standards at the time of improvement. When a permit for some building changes is applied for, other requirements are often imposed to bring the building up to current standards. The achievement of modern building standards can be very costly, even prohi-

bitive, with no offsetting increase in productive efficiency.

The stock of older industrial buildings is a particular asset of established industrial areas both for owners who have no intention of relocating and for tenants who require inexpensive leasable space. The deterioration of these buildings constitutes a capital loss to the community. Most buildings can be improved to a certain level but the feasibility of bringing them completely up to current Building Code standards is not practical. The investment would far outweigh any recoverable return. Some leniency is required in the interpretation of both Codes and by-laws to facilitate building improvements. To insist on full modernization will bring no improvements and continued deterioration. Financial assistance for the renovation of older industrial buildings, comparable to the government grants available to build a new plant in a suburban location, could act as incentive for owners to upgrade existing industrial space and keep it in useful production for a long time.

3.6 Emerging Strategies and Policies for Older Industrial Areas

The review of older industrial areas leads to a number of conclusions about the future suitability of these areas for industry. In essence, they continue to remain as important locations for industry, but at the same time suffer from a number of problems which create operational difficulties. Improvements are needed to make the areas more functional for existing industries and more attractive to new occupants. However, this does not imply that all older industrial areas are likely to remain useful for industry. Clearly some areas are more marginal than others and efforts to stem their demise as industrial locations would simply prove expensive and fruitless. An important consideration therefore in developing an improvement strategy is to look at the factors that

affect the stability of these areas.

To summarize briefly, older industrial areas have certain unique locational assets. They are attractive to industries that: (1) have large labour force requirements; (2) require leasable space; (3) need the visibility and trade accessibility of a central area location; (4) have heavy fixed equipment. Despite the constraints of operating in a developed inner city area, many industries would prefer to stay and modernize an existing plant than to relocate. The advantages of the area and the high costs of relocation far outweigh the operational difficulties resulting from older buildings and sites.

Nevertheless, while these areas provide an important industrial resource, they suffer from common deficiencies, many of which stem from their age and nature of development. Essentially, these areas are affected by two kinds of difficulties: those that inhibit their physical operability and those that threaten their long-term stability. The primary physical problems affecting the areas include:

- space constraints for further expansion
- parking shortages and inadequate loading facilities
- access problems for both trucks and employees
- obsolete municipal services (water, sewer, hydro)
- deteriorating buildings

These are all factors that to some extent can be addressed by public and private initiatives and investment.

Other factors that can affect the long-term stability of the area for industry include:

- encroachment of non-industrial uses
- market pressure for redevelopment
- form of building tenure
- excess of vacant plant

As described previously, the market pressure for redevelopment of industrial lands and the continuous encroachment of non-industrial uses (residential and commercial) ultimately result in atmosphere of uncertainty about the area remaining for industry. Industries will not seek out areas where there are likely to be constant complaints about industrial traffic and pollution. The retention of the area for industry is a municipal responsibility. A strong public stance and appropriately tailored by-laws are needed to prevent further erosion.

Building tenure is another factor that can affect the longevity of the area for industry. Some areas tend to be predominantly owner-occupied; others contain a predominance of leased space; still others may be mixed. Regardless of the age or condition of the buildings, where most of the buildings are owner-occupied, the area is likely to remain quite stable for future industrial use. For the older established industries, the buildings were purchased long ago and thus the capital costs written off by now. Improvements may be needed but relocation is not a likely consideration.

Where the majority of buildings in the area are tenant-occupied, some problems for future stability may occur. That the turnover in these buildings is high is not of concern; they are usually reoccupied continuously by other industries. The difficulty is in the commitment of the landlords to retain the buildings for industrial use. Often these buildings are badly maintained and in poor repair. Where investment must be made to improve the facility, the cost of upgrading old industrial space for tenants may be less attractive to the landlord-owner than redeveloping the site for a more profitable use. Again, a strong municipal commitment is needed to prevent piecemeal rezoning of an area to non-industrial uses.

A fourth factor that affects the stability of an area is the supply and demand for old industrial space. A key indicator is the amount of vacant plant in an area and the length of time it remains unoccupied. That there are vacant buildings in an industrial area does not necessarily indicate its demise. Plant in older areas may be reoccupied more slowly than in the suburban locations and occasionally may be overpriced. However, there may also simply be an oversupply of old industrial plant beyond what the market can likely absorb. Where this occurs extensively, the area is likely to be transitional for industry. In this case, the municipality should evaluate the appropriateness of retaining the area for industry, and consider its potential for redevelopment to other uses.

The awareness of the issues that affect the stability of industrial areas is a key consideration in making industrial revitalization programs available. Before considering any improvements, municipalities should ensure that the area is in fact marketable for industry and that there is a strong municipal commitment to retain it for industrial use. This may involve special studies to determine among other matters need for industrial land, choice of appropriate locations, possibly how to reduce conflict in mixed-use areas and sort out official plan and zoning matters. To attempt to improve the area without addressing the related issues will only result in a band-aid approach to the problems.

4. The Municipal Role in Industrial Development

4.1 Municipal Attitudes Toward Industry

Historically, the municipal attitude towards industry has been ambivalent. It was financially advantageous to have industry, but it was best not to see and hear too much of it.

It was good to have industry because of the local tax revenue received from it. This invariably presented a net benefit since local services to industry are limited and their costs are more than covered by property and business taxes. More recently, industry has been treated more seriously as a provider of jobs and general stimulant to commerce.

However, the reluctance towards the wholehearted acceptance of industry in the city has been and remains strong because of industry's traditional unsightliness and disturbance created by its operations. A typical example of this split attitude is summarized in the following policy statement from an Official Plan:

> "...to encourage the development of an industrial base which creates a minimum impact upon the environment and adjacent land use."

Industrial development has generally received less attention from city planners and from politicians for several reasons. First of all, industry is a more varied and complex use to understand, provide for and accommodate than most other land uses. The classification of different types of industrial enterprises for planning purposes has had only limited success in recognizing industry's needs and achieving compatibility between industrial and non-industrial uses. Furthermore, modern industrial production often does not fit conventional industrial use categories.

The professional planner's attention has been influenced by the "city beautiful" tradition calling for separation of, and preferably relocation of, industry away from all other uses. This tradition dies hard, even with changes in industrial processes and environmental protection legislation.

The planning legislation stresses the physical rather than the economic aspects of industrial development. Although planning decisions and planning policies may have regard to non-physical considerations, the land use planning process in Ontario is predominantly concerned with the physical arrangement of uses and buildings.

The politician's planning outlook is swayed by the residents' preferences rather than by the operational considerations of industrialists. This is simply a matter of political clout - residents have a far greater number of votes than businesses. Consequently, the protection of residential areas takes precedence over industry's requirements.

The attitude toward older industrial areas is also influenced by the amount of industrial land available in a municipality. Many

municipalities own suburban industrial parks. In these circumstances, municipal interest often focuses on the attraction of new industries to fill up the park. Existing industry, by comparison, receives far less attention, despite the fact that the majority of industrial growth in a municipality usually comes from the expansion of existing industries. In some cases, inner area industrial locations are virtually in competition - often inadequately - with the municipally owned parks.

4.2 Official Plans and Zoning By-laws

As part of the review of the municipal response to older industrial areas, an examination was conducted of the treatment of industry in the municipal planning documents of the case study municipalities - the official plans and zoning by-laws. The land use documents represent an indication of the municipality's attitudes toward industry.

In most cases, industrial development preceded the application of modern planning principles. Of particular interest is the relevance of the policies and standards in dealing with the issues affecting older industrial development. Each of the municipalities surveyed has official plans and zoning by-laws. Some have specific plan amendments that apply to the study areas; several also have industrial property standard by-laws and site plan controls. (For a full discussion see Background Paper.)

Official Plans

Since the inception of their first official plans, municipalities have been involved in amending, reviewing, consolidating and updating their plans. In reviewing the historical evolution of industrial policies, the most significant characteristic is that they are as

general in nature in 1982 as they were at the outset. Other land use categories (i.e., residential, commercial, open space) which initially received a general treatment have now evolved into detailed and specialized policies dealing with housing and urban design, downtown and commercial strip revitalization, land acquisition and other related matters. The industrial component of plans follows a "motherhood" approach - e.g., "planning for urban development must encourage the industrial and commercial sectors along with other essential sectors of the economy." Such policy statements are virtually meaningless to an industrialist seeking to understand the municipality's requirements for industrial development.

If anything, most of the policies reflect a bias toward new and outward industrial growth and are negative toward existing industrial areas. The tendency is to protect all other uses adjacent to industrial areas without affording appropriate support for industry. Some plans in fact indicate a desire to get rid of inner city industry. These attitudes are reflected in the wording of such policies as:

> "discourage use of land and buildings in the Central Business District for the purpose of industry."
>
> "In addition to policies outlined in the Secondary Plans, high standards will be maintained to protect surrounding land uses from nuisance features such as noise, smoke, fumes and vibrations."

Altough in certain circumstances these policies may be justifiable, they serve to restrict existing industrial uses and contradict the general desire to accommodate industrial growth.

A further point is that while many plans recognize existing industrial areas, few deal with the specific issues that affect

these areas - encroachment or mixing of non-industrial uses, compatibility with other uses, access to industrial areas, rehabilitation of areas and buildings and re-use of obsolete sites. An exception to this is the City of London that has, among other matters, the objective of its industrial policies:

> "To protect industrial areas from encroachment by those non-industrial uses which are not compatible with an industrial designation."

On a more comprehensive basis, the City of Toronto has undertaken a thorough revision of its industrial official plan policies and zoning to address these issues and to improve the areas for industrial use. (See section 4.3 for further elaboration.)

Zoning By-laws

Historically, the main objectives of zoning by-laws were: first, to implement the land use policies established in the official plan, second, to control the development of land by establishing minimum development standards, and third, to segregate or group land uses. These objectives still apply to the zoning by-laws reviewed. Although there are differences in the specific standards used by each municipality, the by-laws deal with conventional provisions: permitted uses, accessory uses, lot area size, setbacks, parking, loading, landscaped open space and storage.

Many of the problems identified with official plans also apply to zoning by-laws. The most notable characteristic is that the zoning by-laws reflect existing uses since the buildings and sites were in industrial use before the introduction of zoning by-laws and preparation of the first official plans.

The updating of zoning by-laws to higher standards is commonplace but results in two problems. The first is that the by-laws apply to development on both existing and new industrial land. The continuation of existing older industrial operations is not affected by the new zoning unless on-site changes are made. However, existing industrial firms find it extremely difficult to comply with the new regulations when they wish to redevelop or expand on their sites. Older industrial sites are characterized by an intensive use of their land area, often built in a lot-line-to-lot-line fashion. Existing site development often cannot meet the new parking or landscaping requirement.

The second problem that occurs with new zoning provisions is that many older industrial uses become non-conforming. Unfortunately, it seems to be an accepted planning practice to purposefully create non-conforming uses in an attempt to resolve land use conflicts. In order to restrict or remove older industrial sites, they are made subject to the new zoning provisions. By and large, this does not result in their removal, but instead in further physical deterioration because improvements below the new standards are not permitted. The problem is not resolved but often becomes further compounded, fostering a negative attitude towards the municipality on the part of industry.

Some zoning by-laws directly contribute to industrial area conflicts by permitting commercial and other non-industrial uses in industrial areas. Moreover, in some municipalities, official plan policies and zoning by-laws are actually contradictory - one permits the mixing of uses the other insists on strict separation.

Generally zoning by-laws are not particularly effective in addressing the land use issues related to existing older industrial areas. This is illustrated by the fact that most industrial development in the older areas can only take place if a site specific amending by-law is tailored to the development, redevelopment or expansion application.

Part of the problem reflected in current planning policies and by-laws is absence of a coordinated industrial land use strategy that looks comprehensively at industrial needs. Existing planning approaches tend to reflect past trends based on automatic and continuous industrial growth. The municipality's primary responsibility has been seen as controlling and regulating that development. New approaches that are cognizant of declining growth and its consequences are needed to address the particular issues that affect older industrial areas. In part, this requires a change in municipal attitude toward industry.

4.3 Economic Development Activity

Traditionally in many Ontario cities and towns, the approach to economic development has been limited mainly to industrial promotion. This function is frequently sponsored by private agencies such as the local board of trade and industrial development boards. Efforts are often carried out with the cooperation of municipal governments and sometimes supported financially by them.

Until very recently, it has not been the role of Ontario municipalities to concern themselves directly with the development of their local economies, and neither administrative machinery, basic data, plans and policies existed to deal with economic development.

This has begun to change. Past activities have been essentially passive in regard to economic development; new initiatives are intended to create positive results. Efforts such as advertising and general promotion campaigns are beginning to be supplemented by more serious work.

New Initiatives

Some municipalities, and mainly the larger ones, have established economic development offices. They vary in structure, status and functioning and they relate in different ways to the departmental and council committee structure. The differences depend in part on existing departmental and committee arrangements and in part on the emerging responsibilities assigned to these officers.

The economic development officer may run his own new department or he may be an officer in an existing department. The link of the new office to Council may be via an existing committee, a new economic development committee or new joint committee. Whatever the structure, it is of little consequence since it will probably change in each case over time and adapt, like all administrative systems, according to policies and personalities. What is of interest is the fact of the assumption of new municipal responsibilities and local involvement in economic development which had previously been the preserve of higher levels of government.

The primary purpose of the local initiative in economic development is the retention and creation of jobs. And efforts seem to have been mainly concentrated on manufacturing, largely because unemployment has been highest in this sector. A secondary purpose for stimulating economic development is to expand the municipal property tax base; again due to the slowdown in the growth date of industrial assessment, efforts are directed at industrial expansion.

Few municipalities have examined in detail local economic issues to establish specific policies and programs for economic development. Many of the municipalities surveyed have insufficient data to monitor changes in their economy. Local situations differ, therefore, municipal concerns and responses vary accordingly. Cities with little or no new industrial land, such as the City of Toronto, have a different perspective from cities that own large serviced industrial parks. A town with a diversified economic base may continue in its traditional attitude of little concern for industry, while a town heavily dependent on manufacturing industries affected by the current recession will be concerned.

Metropolitan Toronto and the City of Toronto have, over the last few years, taken direct steps to study, prepare and initiate economic development strategies. Since the objectives of both of these strategies are mainly concerned with the retention and creation of industrial jobs, the strategies have a direct bearing on the future of older industrial areas. A brief summary of their study conclusions and activities to-date may indicate the kind of local actions in other municipalities in the future.

Metropolitan Toronto

In 1980 a Steering Committee of Metro Council, with representatives from the Board of Trade, the Labour Council and the Toronto Area Industrial Development Board, prepared an Economic Development Strategy for Metropolitan Toronto. In January, 1981 the Strategy was adopted.

The Committee identified economic trends and problems in Metro. The familiar trends included: the decline of manufacturing as a source of employment; shift in investment to resource development

in Western Canada; inflation; and high rates of unemployment. Another less publicized "adverse trend" mentioned was the negative attitudes between municipal government and business and industrial leaders.

An attitudinal survey conducted for the Steering Committee found that:

> "Business respondents were highly critical of municipal politicians and planners. In their view, municipalities have contributed to the emergence of a negative climate towards economic growth through policies and programs that restrain rather than promote growth."[1]

The Committee's findings in respect of manufacturing, while specifically geared to Metro's situation, include many points relevant to the Ontario scene generally:

(i) manufacturing will continue to be a major source of future growth;

(ii) deindustrialization is a serious problem facing the Ontario and Canadian economies;

(iii) the responsibility for the articulation and implementation of industrial policies rests with the Provincial and National Governments;

(iv) firms that are more labour intensive tend to remain located within the urban centre;

(v) the urban centre continues to play a significant role in the creation of new firms; and

(vi) a prime concern is the retention of existing industry, or the recycling of industrial land or buildings to accommodate new industrial firms.

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[1] An Economic Development Strategy for Metropolitan Toronto, Steering Committee on Economic Development, November 1980, p. 30.

Two economic development goals were established by the Steering Committee: the primary goal is the expansion of employment as well as the retention of existing jobs; the secondary goal is the expansion of the assessment base. Recognizing the basic problem of the inadequacy of the revenue base of municipalities, and the Province's responsibilities in this respect, the report still emphasizes the lesser importance of obtaining increased assessment from economic activities, compared to job creation.

Administrative changes resulting from Metro Council's adoption of the economic development strategy included the change of the "Planning Committee" to the "Economic Development and Planning Committee" and the establishment of a sub-committee on economic development. The committees are charged with a wide range of responsibilities for the achievement of the adopted economic development goals.

City of Toronto

The City of Toronto has undertaken one of the more comprehensive examinations of industrial development. Starting in 1974 with the publication of A Place for Industry, continuing through a number of land use studies of all industrial areas in the City, Toronto has established policy conclusions, made amendments to industrial zoning and official plan policies affecting industrial areas, and in 1980 adopted A Selective Economic Development Strategy. The City now has a wealth of material in support of its adopted industrial land use policies and strategy for influencing economic development in the City.[1]

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[1] For an assessment of the process and results, up to 1978-79, see Developing an Industrial Policy for a Central City: A Case Study of Toronto, Canada, by Robert C. Christie, Chapter 11 in Planning Industrial Development, edited by David F. Walker; John Wiley & Sons, 1980.

The original objective of the studies was to stem the extensive loss of industry and industrial jobs in the City which has been occuring since the 1960's.[1] More recently, the interest has broadened to encompass economic development generally.

The resulting industrial land use strategy focussed on the attempt to retain most of the City's existing industry by identifying three types of areas to stabilize major land uses and overcome conflicts and competition among different adjoining land uses. The three types of areas and their purposes are:

(i) solid industrial ares where industrial uses are to be protected;

(ii) mixed ares (industrial-commercial or industrial-residential) where conversion to non-industrial uses would be permitted (to office or housing respectively); and

(iii) areas in which industrial sites would be encouraged to be converted to the dominant use of the area in which they are located, such as commercial or residential.

Beyond the identification of these areas, the policy also selected specific measures for improving the functioning of solid industrial areas: protecting the areas for industry and improving land use compatibility through the introduction of a new industrial zoning system; providing for improvements to industrial areas including good truck transportation routes, improved transit service and upgraded municipal services; and assisting in the upgrading of industrial buildings.

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[1] Documented in Analysis of Industrial Activity Patterns in the Toronto C.M.A., A. E. LePage, 1980, p. 51.

In some respects the City of Toronto is unique in comparision to other municipalities in Ontario in that it has very little developable land for industrial use. If industry moves out of an area in Toronto, it usually does not locate elsewhere in the municipality, but may leave the metropolitan region altogether often creating pockets of localized unemployment. Nevertheless, the City's efforts have been described in some detail to indicate that where a municipality wishes to retain inner city industry, a thorough understanding of the issues and a strong supportive position must be adopted. Expecting the market to look after itself will only permit further erosion of the industrial base. The City's strategy is also important in the linking of economic considerations to land use planning.

5. Program Options

5.1 U.S. and U.K. Experience

Introduction

It was thought useful, before drawing program conclusions from the preceding analysis, to review briefly some industrial revitalization efforts in the United States and Britain - two countries generally most similar to Canada in their public response to urban development problems.

Towns and cities in Britain and the United States, unlike Ontario's municipalities, engage in a wide range of economic development activities. There are constitutional reasons for the greater local independence in the case of the U.S., but curiously, in the U.K., local authorities, who are as dependent on the national government as Ontario's towns are on the provincial government, also conduct a number of economic development programs. In both countries, whatever jurisdictional arrangements may limit or foster the freedom for local action, senior governments provide economic development funds to municipalities - that seems to be the ruling factor for action.

A major consequence of federal (U.S.) and national (U.K.) government funding for local economic development programs is that: (i) municipalities examine their economic base, the nature of their operations, trends, problems and opportunities; and (ii) they try to approach the economic development task on the basis of the economic analysis for the area.

It must be emphasized that there is another important difference between Ontario and the other two countries. The need for urban revitalization action in those countries is more urgent because of the depressed conditions of the older sections of the urban areas and the localized but extensive unemployment of certain sectors of the population. The decay of parts of the inner cities in the U.S. and Britain is unmatched, fortunately, in Ontario. By comparison, our cities have minor problems. The urban blight in the other countries is of long standing and has affected large areas. Their problems have been addressed by many different policies and programs over the last 30 years.

A great difficulty in organizing effective economic development activities in Ontario is the inadequacy of economic information at the local or regional level. This problem was most recently mentioned by Metropolitan Toronto in its report establishing an economic development strategy:

> "Another critical restraint to developing effective policies and programs at the municipal level is the lack of basic economic data, specifically data on employment, incomes and output. Without this information, municipalities cannot begin to understand the structure of the municipal or regional economy. As a first step, therefore, a consistent and comprehensive data base must be developed. The data that is available is limited to specific sectors of the economy and usually out-of-date."[1]

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[1] An Economic Development Strategy for Metropolitan Toronto; Steering Committee on Economic Development, November 1980, p 24.

Most local programs in the U.S. assisted by the Federal or State governments require collection of such information even for programs not specifically aimed at economic development. For example, the preparation of local land use or master plans (the equivalent of Ontario's Official Plans) funded for many years by the Federal government (under section 701 of the Housing Act) required an economic base study as part of the background material for determining the future growth of the planning area.[1] Communities, therefore, have a basic common reference for land use and economic planning. And the material can be readily updated, on a nationally uniform basis, from Federal and State department statistics.

Finally, one more difference in approach: among the promotional tools used by U.S. cities to attract industries are tax concessions. Municipalities offer new industries property tax reductions for a number of years or even allow non-payment of property taxes. As mentioned before, this technique would probably not be permitted in Ontario under existing provincial laws.

Specific Programs

Enterprise Zones. This is perhaps the broadest approach attempted to attract investment and create new activity in the most depressed parts of inner cities. First introduced in Britain in 1981, the U.S. government has considered a similar program. In designated areas, private enterprise is "freed" from financial obligations and from a variety of the normal development regulations. In some cases, the incentives to private enterprise are supplemented by public investments in infrastructure and site

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[1] For some years, the U.S. Economic Development Administration required an Overall Economic Development Plan (OEDP) for funding development programs.

preparation. So far, all zones in Britain are located in derelict areas, as opposed to the proposed selection in the U.S. of declining neighbourhoods.

The purpose in Britain is to inject new life into dead areas and create as much employment as possible for nearby negihbourhoods; the emphasis is on financial incentives to labour intensive enterprises and on easing of planning requirements to speed up action. The experience so far has been termed a limited success because many of the industries are warehouse operations employing few persons and a majority of firms locating in the zones are not new enterprises.

The U.S. congress and the administration have considered various versions of this program. If it is introduced, it is likely that the incentives to industry will be more extensive than in Britain. Among the relaxation of regulations proposed are: reduction of property tax, social security tax, capital gains tax, corporate tax; elimination of minimum wate level; modification of pollution and safety standards.

The nature of the problems addressed by Enterprise Zone legislation are different than any faced by Ontario communities; and the approaches used to stimulate enterprise in the zones are generally inappropriate for Ontario. As mentioned, we do not suffer from the intense blight of inner cities as experienced in the U.S. and Britain, though we do have equal unemployment problems. Also, the drastic treatment, including the lifting of environmental protection, would not be readily acceptable here. Although the speeding up of the regulatory process would be a benefit, such benefits would be welcome by all enterprises wherever they are located.

Industrial Development Areas. This is a more limited British program directed at arresting the decline of inner city industrial areas and the loss of jobs, and encouraging public and private investment in traditional industrial areas. The program was introduced under the Inner Urban Areas Act of 1978 and, therefore, preceded the Enterprise Zone legislation.

The experience of the program described for one area of London,[1] shows:

1. Typical problems of the improvement area selected were: poor access, inadequate parking, outdated buildings, underused sites and buildings, poor environment.

2. The available funds were used for: refurbishing buildings, re-equipment, improvements to elevators, sanitary improvements, surfacing of parking areas.

3. Among the problems of implementing the program were: complexity of the legislation in interpreting public/private financial arrangements; the bureaucratic process at the local level responsible for the program; the long lead-in time for introducing the program due to procedures, slow publicity and slow private response; difficulties of involving the landlords of industrial properties leased to firms.

The basic objective of the program is the payment of grants from the central government linked to job creation with the public funds being matched by private investment. The administration of the program is the responsibility of the local authority. The specific

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[1] Industrial Improvement Areas: Problems and Progress, Mel Tayler; The Planner, Journal of the Royal Town Planning Institute, May/June 1982.

experience of the program found: "Industrial Improvement Areas alone cannot herald an industrial revolution, but as part of the wider Inner City package they can contribute to the continued evolution of some of the older industrial areas to meet modern needs."

Industrial Renewal Program, New York City.[1] The City of New York has pursued over the last ten years or more an industrial renewal program aimed at reversing the decline in the number of manufacturing jobs in the City and make it more competitive for manufacturing firms with the suburbs. The major program components have been:

1. Development of large parcels of vacant City-owned land into industrial parks.

2. Assistance to manufacturing firms to expand their present sites or assistance to them in finding other adequate facilities in the City.

3. Staged renewal of older accessible industrial districts.

New York City's industrial base and its national economic position are unique and not comparable to circumstances in Ontario's urban centers. However, the following brief selected findings are relevant and similar to conclusions which have been drawn by industrial studies for other North American cities.

The economic changes which have created employment problems in New York are similar in many respects to those of Ontario's central areas - the shift from goods to service producing economy,

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[1] New York City's Program to Maintain It's Role as an Industrial Centre: A Re-evaluation of Planning Strategies, Roman Ferber and Benjamin Bernstein, submitted at 58th Annual Conference, American Instutute of Planners.

the decline of central cities vis-a-vis the suburbs, etc. But these

> "economic trends would not, in and of themselves, be a matter of serious concern, as most central cities while declining relatively in employment have not experienced absolute declines in the total number of jobs."[1]

The broad range of programs used by the City has not produced major results. Specific attention to existing industries achieves apparently more than broad general policies and programs.

> "Evidence indicates that the chief success the City has had in influencing the course of development in its manufacturing industries has centered around its ability to influence the plans of individual firms in particular circumstances. This has been achieved partly by directing certain existing large manufacturing firms to expand on site by facilitating the expansion process via stree closings, condemnation of adjacent, vacant or underutilized sites, or by helping a firm to find another site within the City." [2]

The reason for success in this direction is further analyzed and supported by other studies in New York and elsewhere in the U.S., and the reason is that the growth in industrial employment comes primarily from the expansion of exising firms rather than from the establishment of new firms. The review of New York's program approach finds that in the attempt to stem the decline in the City's manufacturing base with a comprehensive industrial renewal program, alternatives directed at improving the lot of the firms struggling with problems in the City, which might produce better results, were being overshadowed.

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[1] Ibid., p. 19.

[2] Ibid., p. 33.

In support of this conclusion of the situation in New York, this particular evaluation mentions identical findings of a study which looked at Boston, Cleveland, Minneapolis/St. Paul, and Phoenix.

> "The potential for effecting the spatial distribution of manufacturing employment in metropolitan areas clearly exists. The earlier results in sum, point up the folly of continuing to stress programs aimed at attracting new establishments. A higher payoff could be realized by approving the lot of firms already present: upgrade public services in industrial areas, aid with land acquisition for additions and parking lots, widen streets where possible to reduce congestion and give established firms the incentives for expansion and modernization. In brief the possibility of affecting the distribution of basic jobs within metropolitan areas is certainly as present now as it has been for years, but only a major shift in policies pursued by the government in these areas will permit the advantages to be exploited."[1]

Use of Publicly Owned Old Sites and Buildings. A successful program of limited application has been pursued in New Jersey.[2] The City of East Orange established a program to dispose of its surplus property to provide suitable land and buildings for commercial and industrial firms wanting to locate or relocate in the area.

In this case, the City obtained ownership of many properties through tax foreclosure. A special city real estate commission auctioned foreclosed properties and worked in cooperation with the City's economic development department to secure job producing as well as tax paying firms.

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[1] Evidence of the Locational Activity of Manufacturing Industries in Metropolitan Areas, Raymond R. Struyck.

[2] How to Keep Local Business From Straying, Arthur E. Pizzano; APA Planning, May 1982.

Montreal Program for Industrial Renovation. The City of Montreal introduced, in 1982, a financial assistance program for owners of old industrial buildings. The program (called Procin) provides for two types of assistance towards the cost of industrial renovation: (i) matching grants for capital and loan interest costs, and (ii) rebates on increased property taxes due to renovation. The first type of assistance is available for industrial renovation anywhere in the City, while the tax rebate scheme applies only to buildings in certain designated areas. The City intends to finance the program out of its own funds and is setting aside $20 million for the five year period to 1987.

5.2 Existing Programs in Ontario

The specific program options arising from the discussion of older industrial area issues are detailed in the next section. However, in view of the fact that a wide range of Federal and Provincial industrial assistance programs exist already, it is necessary to see to what extent "old industrial area" problems are addressed by existing programs.

Appendix C lists and briefly describes assistance programs available to industry. The programs are grouped by type of program:

1. Plant and Equipment
2. Research and Development
3. Manpower and Management Development
4. Tax Incentives
5. Energy
6. Other Programs

While all of the programs may be useful to firms in older industrial areas, they do not all specifically deal with the typical "older area" problems of inefficient buildings and poor site arrangement. Essentially, only programs in the first group - Plant and Equipment - include the type of financial assistance appropriate for older industrial properties.

As a cursory look at Appendix C will show, it requires considerable time and effort to master the prospectus and begin to become knowledgeable enough to select a suitable and eligible program. And in fact few firms try without help from the information officers of the various agencies. The large firms with adequate administrative staff are in a better position to make use of programs. Medium and small size firms are at a disadvantage; the principals of the firms do not have the time to do the preliminary investigation about assistance that might be available to them. At the local level, all the help they usually get is a look at the program description or copies of program leaflets. To get real insight into assistance programs requires contact with the relevant ministry or agency.

No Federal or Provincial program exists to deal with area-wide public improvements of industrial areas. As to assistance for renovation, modification or extension of old industrial buildings, there are some programs that could be used for these purposes. But none of the programs makes funds available purely for renovation, neither to owner/occupiers nor to industrial developers.

Funds will be made available for renovation of older buildings as part of a "productivity enhancement package". Emphasis is placed not on buildings or equipment per se but on improved productivity.

If building renovation is required as part of the investment to reach the primary objective, then assistance could be given for building improvement. Assistance proposals are evaluated according to such criteria as: will the investment increase productivity; will it create more jobs; will it improve export performance.

Similarly, a loan request from the Federal Business Development Bank will be treated, regardless of the loan's purpose, on its merits according to customary lending evaluations: skill and experience of management, repayment potential, equity, etc., as well as the development criteria of expansion of capacity and improved productivity.

Apart from the linked nature of building improvement assistance programs, it is also important to point out that several programs to industry are limited to certain designated areas.

The industrial assistance programs are geared to specific circumstances of firms, and requests for assistance are carefully scrutinized according to funding criteria. This procedure is only normal and prudent for the spending of limited public funds. But the important fact to recognize, for possible additional future programs, is that the administration of the financial assistance essentially by-passes the municipal governments. For the most part, both Federal and Provincial industrial assistance programs are provided directly by the funding agency to the individual firm.

5.3 Program Options: Strategies for Improvement

5.3.1 Introduction

The review of older industrial areas has indicated the usefulness of retaining these areas, the need for assistance to improve their functioning and the gap in existing government programs to address their special circumstances. However, in developing a range of programs to assist established industrial areas, certain cautions are advised in terms of achievable results.

General Limitations of Local Public Action for Industrial Revitalization

Public concerns come in cycles. Today, the poor state of the economy turns our attention to jobs and how to hold on to them. As in the past with other concerns, there is a tendency to expect more from public action than can be realized. Over-optimistic expectations or the lack of success in tackling problems create disillusion and lead to the abandoning of all attempts for improvement of legitimate, current concerns. Another cause for the waning of interest in programs is the short attention span in established programs because of the arrival of fresh concerns and our eagerness to deal with new problems rather than struggle with old ones.

It is as well, therefore, to be aware of any limitations facing local actions and concentrate on worthwhile and effective projects instead. Limitations arise because certain causes of industrial decline are not influenceable by local public action. Essentially, any conceivable local activities are likely to be ineffective in the following matters:

- where basic changes are occuring in industrial production nationally, such as adjustments to international competition;
- where technological changes in production inevitably replace labour by machines;
- where a manufacturing sector is generally in decline;
- where corporate decisions lead to production cuts, especially in the case of branch plants of foreign firms;
- where a firm is failing in an otherwise competitive field due to poor management or long-term neglect of plant modernization and maintenance; and
- where national and international policies affect trade.

Approach to Industrial Improvement Strategy

The thrust of the range of program options developed to assist established industrial areas is directed toward:

- the improvement of the physical environment for industrial operations in order to retain the areas for industrial use;
- the improvement of the functioning of industrial buildings to make them more efficient and productive; and
- the reduction of incompatibility between industry and adjacent non-industrial uses.

The programs are intended to result in a general upgrading of the area and the retention of industrial jobs.

The range of program options covers:

- Area improvements;
- Building and site improvements;
- Public purchase of buildings and/or sites;
- Advisory and support assistance to industry;
- Technical assistance to municipalities.

These could be undertaken individually or in total.

An industrial improvement strategy, however, should not be based on a piecemeal approach to isolated problems. Before embarking on an improvement program, a thorough review of the nature of the circumstances and the kinds of public and private actions needed to remedy the problems should be undertaken. This review should include the following steps.

- An analysis of how the industrial areas are used; to assess nature and extent of use.
- Review of physical condition of areas and environmental difficulties; to assess functioning of areas and their deficiencies.
- Review of changes in the use of areas due to demands from surrounding developments.
- Review of economic base of urban area; to assess industrial situation in relation to provincial and national trends.

- Evaluation of current and future needs for industrial land and buildings in the urban area; to assess how much of the older industrial areas should be retained for industry and what lands could be converted to other uses.
- Feasibility estimates (financial and market) of reconstruction and conversion of older buildings for industrial and other uses.
- Examination of relationship between residential and commercial revitalization and deficiencies of older industrial areas.
- Analysis of all preceding steps for integration of improvement strategy and selection of programs.
- Amendment of official plan and zoning by-laws, if necessary.
- Introduction of programs to implement strategy.

It is recognized in developing programs to improve older industrial areas that not all old industrial areas and buildings should be retained and improved, and not all municipalities wish to retain industry in the inner city. As part of a general approach to community improvement, municipalities may wish to use other residential or commercial revitalization programs to redevelop these areas for uses considered more suitable. In some cases, the industrial buildings can be retained and converted to other uses. In doing so, however, municipalities should be satisfied that the loss of industrial land will not adversely affect the climate for industry in the municipality.

A further issue which is not included in the range of program options is assistance for relocation of industries. It would appear that existing programs that contribute to the purchase of new plants can be used to achieve this end. While it is accepted that certain industries are problematic in inner city lcoations, a special program to relocate industries is not a recommended option.

5.3.2. Industrial Area Improvements

Improvements to older industrial areas are needed to make them more functional for modern industrial use, and more competitive with newer suburban locations. Of particular concern are the access to and within these areas, the general condition of in-ground services and utilities and the quality of the physical environment.

As part of determining the need to upgrade an area, municipalities should examine the suitability of the transportation network for truck movement and employee access to industrial locations. Parking and loading regulations should also be reviewed to ensure that the standards are appropriate to the operating conditions of these areas.

The kinds of improvement that are often needed to upgrade older industrial areas include:

- designation of truck routes, property signed;
- road widening to improve internal circulation; overpass and intersection improvements; traffic signals; laneway widening and paving; street lighting;
- off-site employee parking facilities;

- streetscape improvements to upgrade the amenity of the area, e.g., landscaping, special signage, parkettes;
- transit service improvements;
- removal of obsolete rail spurs;
- upgrading of water, sewer, waste disposal and hydro services.

5.3.3 Building and Site Improvements

Established industrial areas are characterized by older multi-storey buildings on relatively small sites, occupied by either owner or tenant industrialists. Far from being functionally obsolete, most serve the needs of their occupants in terms of both space and price. However, a number of buildings are in need of improvement, either to enable the industry to expand, or to upgrade the operating condition of the building. These are important in both retaining existing and attracting new industry to the area. An added benefit of building restoration may be a reduction in the apparent incompatibility between industrial and adjacent non-industrial uses. The types of refurbishment required could range from building renovation to facade improvements such as cleaning, painting and planting.

Site improvements most frequently needed include:

- space for expansion;
- parking area;
- loading facilities;
- fencing or planting as a buffer.

Building renovations could include the following:

- Replacement of repair of roof structures;
- Strengthaning of load bearing capacity of timber floors;
- Provision of or improvements to freight elevators;
- Improvements to building insulation, roof, windows, temperature contorl system;
- Safety improvements such as enclosing elevator shafts and stairwells, installing doors with higher fire rating, improving sprinkler and fire alarm system;
- Cosmetic treatments such as pointing, cleaning and planting which improve the building exterior.

A particular concern with regard to public assistance for building improvements is whether the buildings are owner-occupied or tenant-occupied. Where they are owner-occupied, it is obvious that the renovations can achieve the necessary expansion or improvement needed to retain the industry in its existing location. Where the building is tenant occupied, the changes may improve the building, but at the same time affect the rent. One of the chief advantages of inner city industrial buildings is the availability of cheap space that can be leased. Improvements to the buildings will inevitably result in an increase in rent and taxes. This, in turn, could defeat the advantage of the space - i.e., low rent. These factors should be taken into account, if buildings improvements become part of an industrial renewal program.

5.3.4 Public Purchase of Sites and Buildings

An important aspect of the revitalization of older industrial areas is the public acquisition of industrial buildings and sites. Where

there are plant closures, or vacant or underutilized industrial properties, the municipality may wish to purchase the properties to retain them for industrial use. This direct form of public involvement could stem their turnover to non-industrial use. On a small scale, these acquisitions would be equivalent to industrial land banking or an inner city industrial park. Depending on the size of the sites and the condition of the buildings, municipalities could use the property for a variety of purposes to improve the stability of the industrial area - for example, provision of much needed parking space.

On a more extensive basis, if the scale of land acquisition and the location permits, the municipality may wish to renovate the buildings or redevelop the property to create an industrial mall or small industrial park. This type of development would be similar to a seeding project (e.g., department store) in the downtown revitalization program. It would not only indicate the municipality's serious intentions to support the retention of industry in an area, but could act as a catalyst to attract additional industry into the area. The success of this scale of project, however, could depend heavily on the market for industrial development in the particular location.

In terms of project ownership, there are a number of options. Municipalities can retain ownership and lease space to industrial tenants, can sell properties to individual industrialists, or can enter into joint ownership of the site with an industrialist or industrial developer. The merits of each form of ownership would have to be assessed on a project basis. In any case, the municipality would retain control over the development of the project to ensure that industrial objectives are met.

5.3.5 Advisory and Support Assistance to Industry

Three kinds of assistance solely operated and administered by the municipalities would be very helpful to industrial firms: i) to assure prompt and sympathetic consideration and approval for improvement and expansion proposals; ii) to help with applications for financial assistance under Federal and Provincial programs; and iii) to establish, where needed, social support activities for employees.

Red Tape

The approval process for any development, at the best of times, is a lengthy one. When special circumstances apply, such as renovating an older industrial building or building an extension to it, the local approval porcess takes even longer and, more important, may bog down because it involves setting appropriate building improvement standards. By its very nature, upgrading older buildings is an individual process requiring special considerations in each case. Unlike the review of proposals for an entirely new development, the modernization of older buildings and improvements to congested sites need flexible administration of municipal policies. Municipalities need to establish an industrial development office with sufficient authority in its administrative structure to deal effectively with the complete range of industrial development approvals.

Familiarity with Industrial Assistance Programs

There is an extensive range of industrial assistance programs available to manufacturing firms, but for most industrialists, it is difficult to take advantage of them. At the present time, the help they may get is the supply of program brochures. More

direct assistance is required, particularly to the smaller firms, to select and apply for suitable programs. Staff should be available to give this assistance; and staff should have contacts with the relevant ministries and departments to shepherd the applications through the bureaucracy.

Employee Services

The supply of employees and their productive efficiency can often be enhanced by services other than direct job training. Day care services for the children of employees and English language classes for foreign born workers are examples of the social services that have been mentioned as desirable or have already been provided.

Generally, no one firm alone would create enough demand to establish and operate an activity of this kind, but a group of firms in the same area would greatly benefit by a joint service. Where these services have been established the initiative came from the industrialists and the operation is shared by the municipality and the firm. The specific arrangement will depend on local circumstances, but the municipality should examine the need, develop the concept and set up the facilities; to be operated under the most economic and cooperative form.

5.3.6 Technical Assistance to Municipalities

Municipalities, with some exceptions, have not paid special attention to older industrial areas. Consequently, they have not been properly aware of industrial needs, either as a factor in the community's economy or from the perspective of the industrialists. To the extent that traditional planning instruments - official plans and zoning by-laws - deal with

these ares, they have not been very positive in allowing older industrial areas to function more effectively. An understanding of the place of older industrial establishments in the local economy is required for industry's needs to be accommodated in the local plans, largely concerned with physical development.

The new outlook means adjustments in policies and planning administration. The need for change in this respect is underlined by the new Planning Act which will require the preparation of a Community Improvement Strategy specifically dealing with the revitalization and improvement of existing areas.

The Ministry of Municipal Affairs and Housing will initially have to assist most municipalities in the development of the industrial component of Community Improvement Strategies. Industrial revitalization will prove to be a diverse exercise. Unlike residential and commercial revitalization, which is familiar to most municipalities, industrial improvement may take different forms, depending on local circumstances. For example, studies may be needed to establish an inventory of available industrial land and buildings at different locations. The Ministry, as a clearing house, can more effectively advise on how to plug industry into policies and plans for improvement.

The Province can also provide another service of major benefit in this regard, as well as being of great advantage in other fields of policy planning - the assembly and regular, periodic publication of basic economic data for each municipality. Without knowledge about, for example, of the composition and changes in employment and the labour force, it will not be easy to establish industrial improvement strategies or to examine whether the strategies are working.

5.3.7 Program Implementation

Assuming all of the various programs designed to meet different industrial improvement needs are established, how are they to be funded and administered: there are several options in terms of low interest loans, grants and shared funding arrangements. These should be explored further in terms of the most effective means of implementing the programs. There is also the question of program responsibility - province, municipality and industrialist in joint venture with one or other authority.

Financial assistance for building imrpovements would probably be best dealt with in the same fashion as existing programs benefitting individual firms. The Province should fund and directly administer each loan or grant; although in view of the specific objectives of all of the programs - the improvement of older industrial areas - it should perhaps be a requirement by the Province that the plant for which improvement assistance is given be located in an area identified in the municipal official plan as an improvement area.

The programs could be funded and administered as indicated:

Type of Program	Administration		Funding		
	Local	Provincial	Local	Provincial	Private
1. Area Improvement	x		x	x	
2. Building Improvement		x		x	x
3. Public Purchase of Sites	x		x	x	x *
4. Advisory and Support Assistance to Firms	x		x		
5. Technical Assistance to Municiaplities		x		x	

* Private industry; on purchase or lease of land for development.

The area improvement program and the public purchase sites are matters requiring local study and local supervision in implementation, but both would clearly need financial assistance from the Province. The two remaining programs are essentially staff functions at the local and provincial level, advisory and support assistance to firms being a municipal function and the technical assistance to municipalities by definition being the responsibility of the Ministry of Municipal Affairs and Housing. Any staffing costs in respect of the last two programs should be borne by the municipalities and the province respectively.

POOR

QUALITY

ORIGINAL